

Stock Code : 2434



MOSPEC
SEMICONDUCTOR CORP.

2023

ANNUAL REPORT

Printed on May 8, 2024

Annual Report Search Website : <http://mops.twse.com.tw>

Company Website : <http://www.mospec.com.tw>

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4. The latest annual financial report Auditors :

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Accounting Firm: Ernst & Young Global Limited

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Address: http://www.ey.com/tw/zh_tw

5. Overseas Securities Exchange : None

6. Corporate Website : <http://www.mospec.com.tw>

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I. Letter to Shareholders

1、Operating results for FY 2023

(1) Result of Business Plan

The operating revenue in 2023 decreased by 32% as compared to 2022, mainly due to the impact of the reduced consumption in the global semiconductor market as a result of inflation and geopolitical conflicts, coupled with the ongoing inventory adjustments of the downstream customers. The slight increase in after-tax net loss compared to 2022 was mainly due to the increase in operating expenditure associated with the development of new product lines and trial production, and the impact of non-operating income from the evaluation of stock invested two years ago during the base period.

(2) Budget Execution : As the financial forecast for the current year has not been disclosed, there is no need to disclose the budget execution status.

(3) Financial Revenue and Expenditure and Profitability Analysis

1. Financial Revenue and Expenditure

Units : NT\$ thousand

| Items | 2023 | 2022 | Changes |
|---------------------|----------|----------|----------|
| Operating Revenue | 63,079 | 91,870 | (28,791) |
| Operating net loss | (49,716) | (72,668) | 22,952 |
| Net loss before tax | (36,309) | (34,955) | (1,354) |

2. Profitability

| Item | 2023 | 2022 |
|--|---------|---------|
| Return on assets | -4.81% | -4.96% |
| Return on equity | -7.53% | -6.78% |
| Ratio of operating profit (loss) to paid-up capital | -13.44% | -19.64% |
| Ratio of net profit (loss) before tax to paid-up capital | -9.81% | -9.45% |
| Net loss ratio | -57.56% | -38.05% |
| Net loss per share(NT\$) | (0.98) | (0.94) |

(4) Research and Development

The company continuously invests in research and development according to market applications, focusing on the development and optimization of product manufacturing technology. The company's overall R&D planning and outlay aim to create products with higher added value. In recent years, the company has developed several competitive products to meet market demands, with the goal of expanding its sales performance.

Results of research and development in 2023 :

1. Introduced MOSFET products with lower power consumption on top of Power MOSFET products.
2. Introduced silicon carbide SBD 650V and 1200V products.
3. Completed a series of verification for SMB/SMA, 6L and SMF automated packaging lines for SMD products, as well as achieved the self-production of jigs.

R&D in 2024 :

1. The research on Power MOSFETs (30V~200V) based on the Splitgate structure will be continued in an effort to develop features such as lower V_f and lower power consumption, in order to meet the customers' higher demands in terms of application and energy saving.
2. The research and development of SiC SBD 650V and 1200V products for power components utilizing the new material (Wide band gap) SiC/GaN will be continued.
3. Advanced research and development in the quality and performance of SMD packaging lines.
4. To introduce more TVS product categories to cater for customers' wider range of usage and applications.

2 、 Summary of Business Plan in 2024

(1) Operating principle

Looking ahead, the semiconductor industry is expected to grow by 10% to 20% within the year. However, the end-user consumer electronics products have yet to show a favorable recovery. Given the uncertainties in the external environment, the Company has established its operation and sales strategy to reinforce its competitiveness in the market supply.

1. To improve production line automation to increase capacity and competitiveness.

To establish an automated high-density power component production line to increase capacity, improve quality, and reduce costs to expand the range of product applications.

2. To establish raw material supply chain collaboration and risk management

By signing price and service supply agreements with suppliers based on the market condition, we will be able to diversify and prevent the material supply risk. Based on the sales layout and customers' application requirements, we will proactively respond to the market changes so as to minimize the loss of orders caused by material shortage.

3. To make proper adjustments to operating expenditures in light of the semiconductor market's performance

In order to cope with the fluctuations of the market and to reserve working capital, we will impose strict control on expenditures, as well as explore new sources of income.

4. To plan the marketing layout in response to changes in global market dynamics.

The marketing layout and application promotion of our products will be planned in accordance with the changes in Taiwan's domestic market, Mainland China and foreign markets, and we will establish a sound marketing system of Quality, Cost, and Delivery to satisfy the needs of customers in the end market.

(2) Expected market and sales quantity and their basis.

The Company specializes in the manufacturing and sales of power transistors and diodes. Judging from the customer information and future market trends, a list of operating targets for the main commercial products in 2024 is as follows:

| Products | Predict number in 2024 | Actual number in 2023 |
|------------|------------------------|-----------------------|
| Diode | 12,800KPCS | 10,300KPCS |
| Transistor | 2,150KPCS | 1,799KPCS |

1.Diode :

The Company is planning to enter the mobile device, automotive and medical fields as the marketing layout for consumer electronic products. At the present stage, the sales of Diode products remain to be the key, while Schottky Diodes and FREDs are the key in the electrical category. As for the product packaging, the Company is favoring the Power field, focusing on the TO-3P/S, TO-220/ITO-220, and has already completed the automated high density production lines for SMD products, which is likely to help boosting our operational capacity.

2.Transistor :

We will promote the use of transistor products that are used for amplification, switching, and signal modulation functions and have relatively higher added value. Bipolar junction transistors (BJTs) and metal-oxide-semiconductor field-effect transistors (MOSFETs) will be the main focus.

(3) Important Production and Marketing Policies :

1.Production :

- A. In terms of Device DC Chart, in addition to our key products such as Schottky Diode and FRED, we will also be gradually expanding our production capacity following the orders for MOSFETs, TVS and GPP Diode.
- B. In terms of Device Package, in addition to the current TO-3P/S, TO-220/ITO-220 series, the new SMD automation high-density product lines have also been certified in succession.

2.Sales :

- A. To keep up with the product demand trends and applications of end-users in the market, as a basis for material preparation for production, and to meet customer's delivery requirements.
- B. To keep track of changes in product usage by distributors and end-customers, and to track and analyze the reasons for such changes in order to propose countermeasures.
- C. To speed up the promotion of the new SMD packaged products and the ITO-200 thin packaged products with heat dissipation.

3. Future Development Strategy :

As we look into the development trend of the global semiconductor industry, it appears that smart mobile devices, desktops, servers, and automobiles are the major players in the traditional mainstream market, and the overall fluctuations of the market are relatively gentle, while all of them are still facing the problem of breaking through. With the uncertainty of the recovery and growth of the mainstream product market, the future growth momentum will be driven by the stimulation of emerging market applications such as emerging information services, energy saving and environmental protection, and technological integration. On top of proactively improving the advantages through process technology differentiation, the Company should also integrate upstream and downstream industries to strengthen its competitiveness in the industry. We have drawn up short and long term strategic plans accordingly:

- (1) Adjustment of the production capacity layout based on the market and sales structure: In response to the impact of regional trade disputes on the sales and production capacity in Mainland China, we have rearranged and adjusted the production capacity structure on both regions.
- (2) Commitment towards the development of diversified international markets: To avoid over-dependence by concentrating sales markets, while facing the restructuring of the global industrial chain and the changes in China's red supply chain.
- (3) Establishment and strengthening of core technology capabilities: To develop niche products with a wider variety of sophisticated processing equipment and technologies in order to boost operational performance.
- (4) Continuous expansion of the economic scale of operations: To achieve rapid mass production and maintain high product yields through flexible production management and optimized production schedules, so as to satisfy the diversified needs of our customers in a timely manner and increase operating revenues.
- (5) Provision of high quality and comprehensive solutions to customers: Through R&D investment and organizational restructuring, we will be able to offer a technology platform-oriented organizational structure to facilitate the application of our customers' products.
- (6) Continuous capital expenditure on automation equipment and proactive R&D for new products: to promote automated production, and to refine production control, in an effort to reduce cost and improve production efficiency, while addressing the development of new niche products.

4. Affected by external competitive environment, regulatory environment, and overall business environment.

Under the impact of the global political and economic situation, Taiwan's semiconductor industry and customers may still need to reserve sufficient flexible resources in the short term to cope with the risk of changes in the external environment; however, if we look into the medium-to-long term, the increasingly stabilized external environment and the relocation of traditional products might become an opportunity of breakthroughs for the enterprises' restructuring, be it the development of AI in the cloud and the endpoints, the penetration of electric vehicles and autonomous driving, or the trend of promoting the wide band gap semiconductor applications under the demand for energy saving. Therefore, the global semiconductor industry will continue to add value and expand, and Taiwan's semiconductor industry will have to increase its layout and develop mid and long term growth momentum before having a chance to break into a new ground and maintain its advantages.

As the conflict between the U.S. and China persists, the U.S., Japanese and European industries are also facing a high degree of competition in emerging fields, while Southeast Asia and India are also eager to emerge in the semiconductor industry, and it is expected that the global semiconductor supply chain will evolve into an even more complex competitive relationship in the future.

According to the global semiconductor trend, since 2023, the overall economy has been weak and end-user demand has been on the low side, resulting in poor purchasing power in both the corporate and consumer markets, with end-systems manufacturers and semiconductor suppliers all facing the impact of high inventory levels and insufficient material supply. Looking into 2024, the recovery and growth of the traditional consumer electronics market has yet to take off, and future growth will rely on the stimulation of emerging market applications such as information services, energy saving and environmental protection, and technology integration, among others.

In recent years, under the impact of global climate change and extreme weather, it has become possible for natural disasters to have varying degrees of impact on the normal operation of the semiconductor industry. The net-zero transformation has become a common issue for the global electronics industry, making the "Commodification of Carbon" a mainstream topic. As Taiwan's electronics industry is primarily export-oriented, it is bound to be under even more intense pressure to conduct carbon inventories and reduce carbon

emissions. Enterprises would have to identify the carbon costs of their own operations beforehand, and plan short, medium, and long-term net-zero strategies in order to secure their competitiveness and sustainability in the future.

The Company proactively pays attention to and invests in relevant actions to establish a comprehensive ESG strategy to address corporate sustainability issues such as climate change, energy saving and carbon reduction, etc. The introduction of ESG concepts into the semiconductor industry and the promotion of the green generation brought about by carbon neutrality will become yet another important emphasis of semiconductor industry operations.

Despite the weak performance of the overall semiconductor industry in 2023 and the Company's production and marketing strategy adjustments and restructuring, which led to unsatisfactory results in overall operations, the results of the transformation have already been realized. This year, the Company will continue to plan and adjust its operational layout, devote its best efforts to operation and management, with a view to strengthening its financial and capital structure and increasing the rate of return on shareholders' equity. The Company's management team and all employees would like to express our gratitude to our shareholders for

Chairman :

Weng Shu Zhen

General Manager :

Tarnng Bennet Yun

Accounting Manager :

Yan Yong Sen

II. Company Profile

1. Date of Incorporation :

Establishment date : 1987/3/9

license number : tax ID number 22404266

2. Company History :

The predecessor of our company was the Electronic Business Division of Uni-President Enterprises Corporation. In 1987, our company was established as a joint venture between Uni-President and American company, Siliconix, and began operations as " MOSPEC SEMICONDUCTOR CORP. " The important milestones of our company are as follow :

March, 1987 : The company has been officially established with a registered capital of 20 million NT dollars.

October, 1987 : Developed metal-oxide-semiconductor field-effect transistors (MOSFETs).

June, 1988 : Develop Schottky diodes.

November, 1988 : Acquisition of the machinery, factory, and land of the Electronic Business Division of Uni-President Enterprises Corporation

February, 1989 : Developed Fast recovery diode

August, 1989 : Developed Ultra-Fast diode ◦

April, 1990 : Obtained approval from the Securities and Futures Commission to become a publicly traded company.

September, 1990 : Established a wafer production line for epitaxial wafers.

November, 1994 : Invested in the establishment of H&S Electronics Co., Ltd.

April, 1996 : Invested in the establishment H&M B.V.I. HOLDINGS LTD

July, 1996 : Developed damping diode

August, 1996 : Established a surface mount technology (SMT) production line.

August, 1997 : Received ISO 9002 certification.

November, 1997 : Established a polished wafer production line.

November, 1998 : Listed on the OTC market

September, 2000 : Listed on the stock market

January, 2002 : Issued the first unsecured convertible corporate bond, valued at 500 million NT dollars.

April, 2002 : Invested in and transferred ownership to Vanguard International Semiconductor Corporation (VIS) through H&M B.V.I. HOLDINGS LTD.

November, 2004 : Completed construction of the 6-inch wafer production line.

April, 2006 : Invested the new plant in Shenzhen commenced production.

June, 2006 : Terminated the operations of HeSheng Electronics Co., Ltd.

August, 2006 : Received ISO 14001 certification.

October, 2007 : Issued the second unsecured convertible corporate bond, valued at 450 million NT dollars.

January, 2008 : Established a solar production line.

February, 2009 : Conducted private placement of common stock.

March, 2009 : Filed an application for the cancellation of treasury stocks and reduced the capital by 1 million NT dollars.

April, 2009 : Following a private placement of common shares, the cash inflow resulted in a capital increase of 987.6 million NT dollars.

May, 2009 : Through a private placement of common shares, the company's capital increased to 1.076 billion NT dollars after cash inflows.

September, 2009 : The company's capital reached 1.134 billion NT dollars after a private placement of common shares and cash inflows.

September, 2009 : A private placement of common shares led to a capital increase of 1.194 billion NT dollars after cash inflows.

January, 2011 : The company's capital increased to 1.258501 billion NT dollars through a private placement of common shares and cash inflows.

June, 2011 : The company's capital reached 1.347501 billion NT dollars after a private placement of common shares and cash inflows.

March, 2012 : The company invested in and transferred to H&M B.V.I. HOLDINGS LTD(Sichuan). through a subsidiary, New H&M B.V.I. HOLDINGS LTD

March, 2013 : Following a private placement of common shares, the company's capital increased to 1.475701 billion NT dollars after cash inflows.

February, 2014 : The company invested in and transferred to H&M B.V.I. HOLDINGS LTD(Shenzhen). through a subsidiary, New H&M B.V.I. HOLDINGS LTD

December, 2014 : To offset the losses, the company underwent a capital reduction, resulting in a new capital amount of 1.106776 billion NT dollars.

July, 2017 : To offset the losses, the company underwent a capital reduction, resulting in a new capital amount of 706.021 million NT dollars.

May, 2020 : The liquidation cancellation of MOSPEC SEMICONDUCTOR CORP. (Shenzhen).

August, 2020 : To offset the losses, the company underwent a capital reduction, resulting in a new capital amount of 170 million NT dollars.

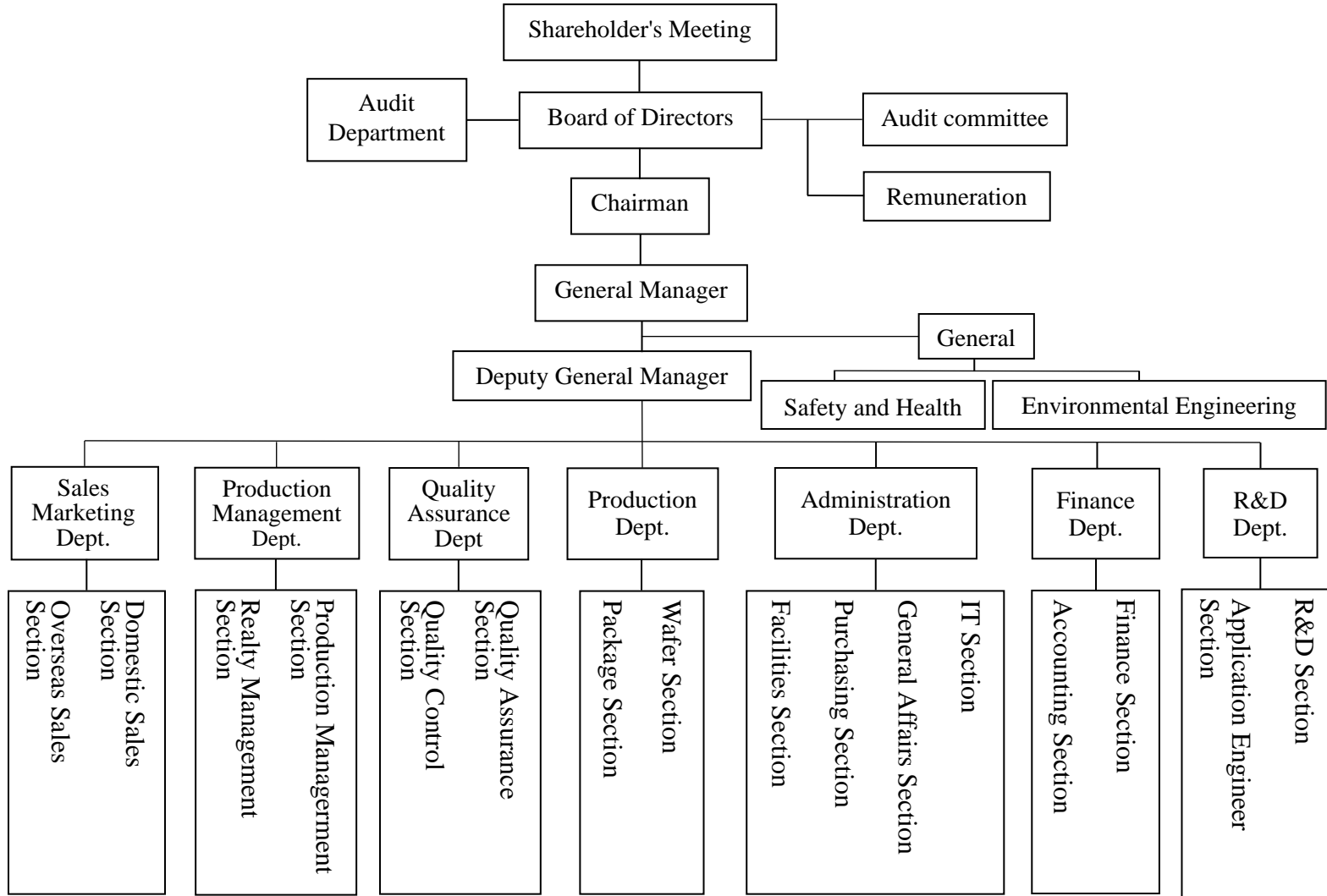
October, 2020 : Following a private placement of common shares, the company's capital increased to 270 million NT dollars after cash inflows.

March, 2021 : Following a private placement of common shares, the company's capital increased to 370 million NT dollars after cash inflows.

III. Corporate Governance Report

1. Organization

(1) Organizational Chart



(2) Major Corporate Functions

| Department | Functions |
|---|---|
| General Manager's Office | Responsible for formulating, evaluating, and implementing various business plans of the company, as well as handling the company's stock-related operations. |
| Audit department | Plans the annual audit schedule and carries out internal control system audits. |
| Environmental Engineering Department | Manages and maintains the environment, including air pollution, wastewater, and industrial waste, and handles related reporting. |
| Health and Safety Department | Responsible for executing the work of labor safety and health, promoting safety and health, planning for health check-ups, and conducting inspections of working environments. |
| Administration Department | Responsible for managing company personnel, payroll, general affairs, logistics, plant operations, procurement, production scheduling, and information computerization maintenance management operations. |
| Finance Department | Responsible for managing financial scheduling, accounting and cost calculations, and providing relevant management information for decision-making. |
| Business Department | Oversees the development of new customers, evaluates the market, and collects and processes market intelligence. Responsible for customer relations, sales, and application services. |
| Production Department | Responsible for the manufacturing of wafers and wafer testing, following the production management department's arrangements. |
| | responsible for the manufacturing of packaged finished products according to the production management department's arrangements. |
| Production Management Department | Responsible for arranging the delivery of products according to plans and orders, as well as managing the storage of finished products and raw materials. |
| Quality Assurance Department | Responsible for the quality control of products within the factory, evaluating processes, and conducting inspections of incoming and outgoing shipments. |
| The Research and Development department | Responsible for the development of new products and processes, as well as the improvement of existing products. |

2. Information regarding directors, general manager, vice general managers, associate managers, department heads, and branch managers.

(1) Information on Directors

1. Information on Directors

April,14,2024 : Units: stock

| Title (note1) | Nationality / Place of Incorporation | Name | Gender/ages (note2) | Date Elected | Terms | Date First Elected(note3) | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience / Education (note4) | Other Position | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | Remarks (note) |
|---------------|--------------------------------------|---|-------------------------|--------------|--------|---------------------------|---------------------------|--------|----------------------|--------|-----------------------------|-------|-------------------------------------|-------|---|--|---|------------------|------------------|----------------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Chairman | ROC | Ding Hong International Investment CO., Ltd | - | 2021.07.07 | 3years | 2021.07.07 | 8,735,109 | 23.60% | 8,735,109 | 23.60% | 0 | 0.00% | 0 | 0.00% | not applicable | not applicable | not applicable | not applicable | not applicable | None |
| | ROC | corporate representative : Weng Shu Zhen | Female, 51-60 years old | 2021.07.07 | 3years | 2021.07.07 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Bachelor of Accounting in Chinese Culture University Senior manager in E.SUN SECURITIES CO. , LTD ° PGIM | H&M SEMICONDUCTOR (SICHUAN)LTD.)corporate representative | None | None | None | None |
| Director | ROC | Hsieh Pi Lien | Female 71-80 years old | 2021.07.07 | 3years | 2008.03.21 | 2,140,802 | 5.78% | 2,140,802 | 5.78% | 0 | 0.00% | 2,330,849 | 6.30% | Bachelor of Accounting in Tamkang University Directors and Supervisors of MOSPEC semiconductor corp. Accounting manager in PacBio | Chairman of MingPei Investment CO., Ltd Chairman of YuJing Investment CO., Ltd | Director | Tarng Bennet Yun | mother and child | None |
| Director | USA | Tarng Bennet Yun | male 41-50 years old | 2021.07.07 | 3years | 2003.06.26 | 286,116 | 0.77% | 286,116 | 0.77% | 0 | 0.00% | 0 | 0.00% | Master of Electronics Engineering in University of Illinois Chief engineer in TSMC Engineer in Lucent Technologies, Inc. | General manager of the company Director representative of new NHM (BVI) HOLDINGS LTD. | Director | Hsieh Pi Lien | mother and child | None |
| Director | ROC | MingPei Investment CO., Ltd | - | 2021.07.07 | 3years | 2008.06.28 | 2,320,579 | 6.27% | 2,320,579 | 6.27% | 0 | 0.00% | 0 | 0.00% | not applicable | not applicable | not applicable | not applicable | not applicable | None |

| | | | | | | | | | | | | | | | | | | | | |
|----------------------|-----|--------------------------------------|-------------------------|------------|--------|------------|---|-------|---|-------|---|-------|---|-------|--|---|------|------|------|------|
| | ROC | corporate representative: Chu Ya Chi | Female, 41-50 years old | 2021.07.07 | 3years | 2021.07.07 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Bachelor of Statistics in National Cheng Kung University Supervisor of MILDEX OPTICAL INC and Jih Lin Technology Co., Ltd | Manager of finance department in Jih Li Technology Co., Ltd | None | None | None | None |
| Independent Director | ROC | Wu Chiu Mei | Female, 41-50 years old | 2021.07.07 | 3years | 2021.07.07 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Master of Accounting in Yuan Ze University Assistant manager in Deloitte, Audit manager in E-Ton Solar Tech. | In charge of Wu Chiu Mei Accounting firm, the member of this company's audit committee and Compensation Committee | None | None | None | None |
| Independent Director | ROC | Hou Rong Xian | male 51-60 years old | 2021.07.07 | 3years | 2021.07.07 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Bachelor of Accounting in National Chung Hsing University Master of Accounting in National Cheng Kung University, Chief of KH office in Ernst & Young Global Limited Part-time Lecturer in National Chung Hsing University | In charge of Hou, Jung-Hsien accounting firm, in charge of Family Tree Co., Ltd., Jia Wei Lifestyle, Inc. corporate director representative, E&R Engineering Corporation corporate director representative, TYC BROTHER INDUSTRIAL CO., LTD. Independent director, United Fiber Optic Communication Inc. independent director, KY-Jiyuan Packaging Holdings Limited independent director, Convenor of the Audit Committee of the Company, Convenor of the Remuneration Committee | None | None | None | None |
| Independent Director | ROC | Chen Jan Zhong | male 61-70 years old | 2023.06.13 | 3years | 2023.06.13 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Agricultural Economics, NTU President of E.SUN Bank (China) Co., Ltd. | SysJust Co., Ltd. corporate director representative, Dimerco Data System Corporation independent director, Chunghwa Telecom Co., Ltd. Independent director, member of the Audit Committee of the Company, Member of the Remuneration Committee | None | None | None | None |

Note1 : Corporate shareholders shall provide the names of their corporations and the names of their representatives separately. For representatives of corporate shareholders, the name of the corporate shareholder should be specified. The following table 1 should also be completed.

Note2 : Please provide the actual age and it can be expressed in the form of an age range, such as 41-50 years old or 51-60 years old.

Note3 : Please indicate the date of first appointment as a director of the company. If there was any interruption, please provide an explanation in the remarks section.

Note4 : Please provide the relevant experience related to the current position. If you have worked at an auditing and certified public accounting firm or related enterprises during the period mentioned above, please specify your job title and responsibilities.

Note5 : If the Chairman of the Board and the highest-level executive officer (such as the General Manager) of the company are the same person, or are spouses or first-degree relatives, the company should explain the reasons, justification, necessity, and corresponding measures (such as increasing the number of independent directors and ensuring that over half of the directors are not employees or executives) related to the situation.

2. Major Shareholders of Corporate Shareholder

April,14,2024

| Corporate Shareholder (Note 1) | Major Shareholders (Note 2) |
|---|---|
| MingPei Investment CO., Ltd | Hsieh Pi Lien (99.99%) |
| Ding Hong International Investment CO., Ltd | Tsai Wen Hsiu (33.3%), Tsai Ting Hung (33.3%), Tsai Hsing Fang(33.3%) |

Note1 : Directors who represent corporate shareholders should fill in the name of the corporate shareholder. °

Note2 : Please provide the necessary information regarding the major shareholders of the said corporate shareholder, including their names and respective shareholding percentages (in the top ten). If the major shareholder is also a corporate entity, please fill in Table 2.

Note3 : For non-corporate shareholders, the name of the shareholder and their shareholding percentage should be disclosed, which refers to investors or donors (refer to the announcement of the Judicial Yuan for reference) and their investment or donation ratio. If the donor has passed away, please add "decease" to the disclosure.

3. If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form

April,14,2024

| Name of corporate/juristic person (Note 1) | Name of corporate/juristic person (Note 1) |
|--|--|
| Not application | Not application |

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

4. Disclosure of professional qualifications of directors and independence of independent directors:

| Qualification Name | Professional qualifications and experience (Note 1) | Independence analysis (Note 2) | No. of other public companies at which the person also serves as an independent director |
|------------------------------|---|---|--|
| Chairman Weng Shu Zhen | Has accumulated over five years of work experience necessary for company operation. has previously served as a senior associate at E.SUN SECURITIES CO. , LTD as well as at PGIM t, without any circumstances falling under Article 30 of the Company Act. | (1) None of the individuals who control the board seats or voting rights of shares not held by this company, are directors, supervisors, or employees of other companies controlled by the same person. (2) The other directors, supervisors, or employees of other companies or organizations who are not the same person or spouse as the Chairman, General Manager, or equivalent position of this company, do not control more than half of the voting shares of this company or hold any board seats with voting rights. (3) No familial relationship within the second degree of consanguinity or affinity with any of the other directors. | None |

| | | | |
|---|---|---|-------------|
| <p>Director Hsieh Pi Lien</p> | <p>Has accumulated over five years of work experience necessary for company operation. Has previously served as accounting manager in PacBio without any circumstances falling under Article 30 of the Company Act.</p> | <p>(1) Not an employee of this company or its related enterprises. (2) Not a director or supervisor of this company or any of its affiliated companies. (3) None of the individuals who control the board seats or voting rights of shares not held by this company, are directors, supervisors, or employees of other companies controlled by the same person. (4) The director has not been elected in accordance with Article 27 of the Company Act by the government, legal persons, or their representatives</p> | <p>None</p> |
| <p>Director Tarnng Bennet Yun</p> | <p>Has accumulated over five years of work experience necessary for company operation. Has previously served as Principal engineer in TSMC and Member of Technical staff in Lucent Technologies, Inc., and been our general manager now without any circumstances falling under Article 30 of the Company Act.</p> | <p>(1) The directors aren't the natural person shareholder who holds more than 1% of the total issued shares of the company or one of the top ten shareholders, nor is spouse, minor children, or any individual who holds shares in the name of others. (2) None of the individuals who control the board seats or voting rights of shares not held by this company, are directors, supervisors, or employees of other companies controlled by the same person. (3) The director has not been elected in accordance with Article 27 of the Company Act by the government, legal persons, or their representatives</p> | <p>None</p> |
| <p>Director Chu Ya Chi</p> | <p>Has accumulated over five years of work experience necessary for company operation. Has previously served as supervisor of MILDEX OPTICAL INC and Jih Lin Technology Co., Ltd, and been the manager of finance department in Jih Li Technology Co., Ltd now without any circumstances falling under Article 30 of the Company Act.</p> | <p>(1) Not an employee of this company or its related enterprises. (2) Not a director or supervisor of this company or any of its affiliated companies. (3) Not (1) the listed executives or (2), (3) the spouses, relatives within the second degree of kinship, or direct blood relatives within the third degree of kinship of the persons listed. (4) None of the individuals who control the board seats or voting rights of shares not held by this company, are directors, supervisors, or employees of other companies controlled by the same person. (5) The other directors, supervisors, or employees of other companies or organizations who are not the same person or spouse as the Chairman, General Manager, or equivalent position of this company, do not control more than half of the voting shares of this company or hold any board seats with voting rights. (6) No familial relationship within the second degree of consanguinity or affinity with any of the other directors.</p> | <p>None</p> |

| | | | |
|--|--|---|------------------------|
| <p>Independent Director Wu Chiu Mei</p> | <p>Has accumulated over five years of work experience necessary for company operations and passed the national examination for certified public accountants and obtained the relevant certification for professional and technical personnel. Assistant manager in Deloitte, Audit manager in E-Ton Solar Tech. Has previously served as Assistant manager in Deloitte, Audit manager in E-Ton Solar Tech. and been in charge of Wu Chiu Mei Accounting firm now without any circumstances falling under Article 30 of the Company Act.</p> | <p>(1) Not an employee of this company or its related enterprises. (2) Not a director or supervisor of this company or any of its affiliated companies. (3) The directors aren't the natural person shareholder who holds more than 1% of the total issued shares of the company or one of the top ten shareholders, nor is spouse, minor children, or any individual who holds shares in the name of others. (4) Not (1) the listed executives or (2), (3) the spouses, relatives within the second degree of kinship, or direct blood relatives within the third degree of kinship of the persons listed. (5) The person in question is not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total issued shares of the company, is among the top five shareholders, or has appointed a representative as a director or supervisor of the company under Article 27, Paragraph 1 or 2 of the Company Act.</p> | <p>None</p> |
| <p>Independent Director Hou Rong Xian</p> | <p>Has accumulated over five years of work experience necessary for company operations and passed the national examination for certified public accountants and obtained the relevant certification for professional and technical personnel. Previously served as Chief of Ernst & Young Global Limited, Kaohsiung branch and part-time lecturer at the Department of Accountancy, NCKU. Currently served as person-in-charge of Hou, Jung-Hsien accounting firm, Family Tree Co., Ltd. Corporate director representative of Jia Wei Lifestyle, E&R Engineering Corporation. Independent director of TYC BROTHER INDUSTRIAL CO., LTD., United Fiber Optic Communication Inc., KY-Jiyuan Packaging Holdings Limited and without any circumstances falling under Article 30 of the Company Act.</p> | <p>(6) None of the individuals who control the board seats or voting rights of shares not held by this company, are directors, supervisors, or employees of other companies controlled by the same person. (7) The other directors, supervisors, or employees of other companies or organizations who are not the same person or spouse as the Chairman, General Manager, or equivalent position of this company, do not control more than half of the voting shares of this company or hold any board seats with voting rights. (8) The director, supervisor, manager, or shareholder who holds more than 5% of the shares of a specific company or organization that has financial or business transactions with the Company are not eligible.</p> | <p>3 companies</p> |
| <p>Independent Director Chen Jan Zhong</p> | <p>Has accumulated over five years of work experience necessary for company operations. Previously served as President (Director) of E.SUN Bank (China) Co., Ltd. Corporate director representative of SysJust Co., Ltd. Independent director of Dimerco Data System Corporation, Chunghwa Telecom Co., Ltd. and without any circumstances falling under Article 30 of the Company Act.</p> | <p>(9) Not a professional, sole proprietor, partner, director (supervisor), manager, or spouse of any such person or entity that provides audit, business, legal, financial, accounting, or related services to the Company or its related enterprises or has received compensation from the Company in the past two years. (10) No familial relationship within the second degree of consanguinity or affinity with any of the other directors. (11) The director has not been elected in accordance with Article 27 of the Company Act by the government, legal persons, or their representatives</p> | <p>2 companies</p> |

note 1 : Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work

experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

note 2 : Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years. ° note : In accordance with the Listing Review Criteria and the requirements for setting up independent directors in public companies, our company has obtained independence statements from all independent directors, confirming their compliance with legal requirements for independent qualifications.

5. Diversity and Independence of the Board of Directors:

(1) Diversity of the board of directors:

According to Article 20 of our company's "Corporate Governance Best Practice Guidelines," the composition of the Board of Directors should take into account diversity and develop appropriate diversity policies based on its own operations, business models, and development needs. Board members should possess the knowledge, skills, and qualities necessary to perform their duties, and the overall capabilities of the Board of Directors should include the following:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Industry knowledge.
6. International market perspective.
7. Leadership ability.
8. Decision-making ability.

The board of directors of our company consists of seven members, and the specific management goals and achievements of the diversity policy of the board of directors are as follow:

| Management objective | Achievement | Description |
|--|-------------|--|
| Attracting talented individuals with diverse professional backgrounds, skills, and industry experience. | Achieved | The current board of directors of our company is composed of seven members, each of whom has professional backgrounds and industry experiences in fields such as electronics, electrical engineering, and financial management. |
| the board of directors have at least one female member among its members. | Achieved | In the current term of the Board of Directors, four out of seven members are female (representing 57.14% of the total). |
| It is not advisable for the number of directors who are also employees to exceed one-third of the total number of directors. | Achieved | In the current term of the Board of Directors of our company, there is only one member who is also an employee of the company, accounting for 14.28% of the total number of directors, which is below the limit of one-third of the board seats. |
| The term of office for independent directors shall not exceed three consecutive terms. | Achieved | The continuous tenure of the three independent directors on the board of directors of our company this term has not exceeded three terms. |

The implementation of board diversity among the members of the board of directors :

| Condition Name | Basic Component | | | | | | | Professional Skill | | | Industry experience | | | Diversified core | | | | | | | |
|---|----------------------|--------|-----------------------------------|-----------------|-----------------|-----------------|-------------------|---|--|---------------------|---------------------|------------------|-----------------------------|----------------------------------|---|------------------------------|----------------------------|---------------------|----------------------------------|----------------------|---------------------------|
| | Title | Gender | Part-time employee of the company | Age | | | | Business decision-making and management | Financial Analysis and Decision Making | Accounting Practice | manu- facturing | asset Management | Accounting Affairs Services | Operati- onal judgme- nt ability | Accounting and financial analysis ability | Business management ability. | Crisis management ability. | Industry knowledge. | International market perspective | Leaders hip ability. | Decision- making ability. |
| | | | | 41-50 years old | 51-60 years old | 61-70 years old | Over 70 years old | | | | | | | | | | | | | | |
| Corporare representative of Ding Hong International Investment CO., Ltd : Weng Shu Zhen | Chairman | Female | | | V | | | V | V | V | | V | | V | V | | * | V | V | V | |
| Hsieh Pi Lien | Director | Female | | | | | V | V | V | | V | | V | V | V | V | * | V | V | V | |
| Tarnng Bennet Yun | Director | Male | V | V | | | | V | | | V | | V | * | V | V | V | V | V | V | |
| Corporate representative of MingPei Investment CO., Ltd Chu Ya Chi | Director | Female | | V | | | | | V | V | | V | | V | V | | * | V | V | V | |
| Hou Rong Xian | Independent Director | Male | | | | V | | | V | V | | V | V | V | V | V | * | V | V | V | |
| Wu Chiu Mei | Independent Director | Female | | V | | | | | V | V | | V | V | V | V | V | * | V | V | V | |
| Chen Jan Zhong | Independent Director | Male | | | | V | | V | V | V | | V | V | V | V | V | * | V | V | V | |

(note)* refers to partial ability

(2)Independence of the Board of Directors: The current Board of Directors comprises seven members, including three independent directors. The proportion of independent directors in the Board is 42.86%. One of the Directors, Tarnng Bennet Yun, is an employee of the company, accounting for 14.28% of the Board's seats, and also has a second-degree relative relationship with anothor director, Hsieh Pi Lien. The company also pays attention to gender equality in the composition of the Board of Directors, with female directors accounting for 57.14% of the Board. All independent directors comply with the regulations of the Financial Supervisory Commission and the Securities and Futures Bureau regarding independent directors, and there are no situations among the Directors or Independent Directors that violate Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

Directors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information

April, 14, 2024

| Title | Name | Nationality | Gender | Date of appointment to position | Shares held | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience (Education) (note2) | Positions concurrently held in other companies at present | Managers who are Spouses or Within Two Degrees of Kinship | | | Remark(s) (Note3) |
|---|------------------|-------------|--------|---------------------------------|-------------|-------|-----------------------------|----|-------------------------------------|----|---|---|---|------|----------|-------------------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| General Manager | Tarng Bennet Yun | USA | male | 2015.06.26 | 286,116 | 0.77% | 0 | 0% | 0 | 0% | Master of Electronics Engineering in University of Illinois Principal engineer in TSMC Member of Technical staff in Lucent Technologies, Inc. | Director representative of new NHM (BVI) HOLDINGS LTD. | None | None | None | None |
| Deputy general manager of finance dept. | Yan Yong Sen | ROC | male | 2018.08.01 | 206,952 | 0.56% | 0 | 0% | 0 | 0% | Bachelor of Public Finance in Feng Chia University | None | None | None | None | None |
| Deputy general manager of sales dept. | Lai Cheng Lin | ROC | male | 2012.08.01 | 33,595 | 0.09% | 0 | 0% | 0 | 0% | Bachelor of Electronics Engineering in National Cheng Kung University | None | None | None | None | None |

Note 1: The information in this table should be disclosed for the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units, including all persons in positions equivalent to general manager, assistant general manager, or deputy assistant general manager, regardless of job title.

Note 2: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 3: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not also serve as an employee or managerial officer).

3、Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents in the Past Year :

(1) Director (included Independent Director)

Unit : NT\$

| Title | Name | Remuneration of Directors | | | | | | | | Ratio of Total Remuneration (A+B+C+D) to Net Income (note10) | | Relevant Remuneration Received by Directors Who are Also Employees | | | | | | | | Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (note10) | | Remuneration from ventures other than subsidiaries or from the parent company (note11) | | |
|---------------------------------|------------------|-------------------------------|---|-------------|---|-------------------------------------|---|---------------------------------------|---|--|---|--|---|-------------|---|-----------------------------------|---|-------------|-------|--|-------------------|--|-------------|---|
| | | Base Compensation (A) (note2) | | Pension (B) | | Directors' remuneration (C) (note3) | | Business execution expense(D) (note4) | | | | Salary, Bonuses, and Allowances (E) (note 5) | | pension (F) | | Employee Compensation (G) (note6) | | | | | | | | |
| | | The company | Companies in the financial statements (note7) | The company | Companies in the financial statements (note7) | The company | Companies in the financial statements (note7) | The company | Companies in the financial statements (note7) | The company | Companies in the financial statements (note7) | The company | Companies in the financial statements (note7) | The company | Companies in the financial statements (note7) | The company | Companies in the financial statements (note7) | The company | | Companies in the financial statements (note7) | | | The company | Companies in the financial statements (note7) |
| | | | | | | | | | | | | | | | | | | cash | stock | cash | stock | | | |
| Chairman | Weng Shu Zhen | 960,000 | 960,000 | 0 | 0 | 0 | 0 | 42,000 | 42,000 | 1,002,000 (2.76%) | 1,002,000 (2.76%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,002,000 (2.76%) | 1,002,000 (2.76%) | None | | |
| Director (GM) | Tarng Bennet Yun | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 960,000 | 960,000 | 0 | 0 | 0 | 0 | 0 | 0 | 960,000 (2.64%) | 960,000 (2.64%) | None | | |
| Director | Chu Ya Chi | 0 | 0 | 0 | 0 | 0 | 0 | 42,000 | 42,000 | 42,000 (0.12%) | 42,000 (0.12%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 42,000 (0.12%) | 42,000 (0.12%) | None | | |
| Director | Hsieh Pi Lien | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None | | |
| Director (Independent Director) | Hou Rong Xian | 120,000 | 120,000 | 0 | 0 | 0 | 0 | 42,000 | 42,000 | 162,000 (0.45%) | 162,000 (0.45%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 162,000 (0.45%) | 162,000 (0.45%) | None | | |
| Director (Independent Director) | Wu Chiu Mei | 120,000 | 120,000 | 0 | 0 | 0 | 0 | 42,000 | 42,000 | 162,000 (0.45%) | 162,000 (0.45%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 162,000 (0.45%) | 162,000 (0.45%) | None | | |
| Director (Independent Director) | Chen Jan Zhong | 70,000 | 70,000 | 0 | 0 | 0 | 0 | 12,000 | 12,000 | 82,000 (0.23%) | 82,000 (0.23%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 82,000 (0.23%) | 82,000 (0.23%) | None | | |

1. Please state the policy, system, standards, and structure of independent director remuneration, and explain the relationship between the remuneration amount and the responsibilities, risks, and time input involved:

The Company has three independent directors, and a Remuneration Committee and an Audit Committee composed of all independent directors, whose remuneration is determined in accordance with the Company's "Rules Governing the Remuneration of Directors and Managers". The Company pays a fixed monthly salary to the independent directors, and the independent directors are not entitled to the distribution of the Company's earnings. The Company's directors and independent directors are only entitled to fixed remuneration such as salaries, travel expenses and attendance fees, and their fixed remuneration is not performance-related.

2. In addition to the above disclosures, the remuneration received by directors for services provided in the most recent year (such as serving as a consultant for the parent company, all companies within the financial report, or non-employee advisors for investment businesses): None.

Directors' Range of Remuneration Form

| Range of Remuneration for each directors in our company | Name of Directors | | | |
|---|---|---|---|---|
| | Total of (A+B+C+D) | | Total of (A+B+C+D+E+F+G) | |
| | The Company(note8) | Companies in the financial statements(note9) | The Company(note8) | Companies in the financial statements(note9) |
| Less than NT\$1,000,000 | Tarnng Bennet Yun, Hsieh Pi Lien, Chu Ya Chi; <u>Independent Director: Hou Rong Xian , Wu Chiu Mei, Chen Jan Zhong</u> | Tarnng Bennet Yun, Hsieh Pi Lien, Chu Ya Chi; <u>Independent Director: Hou Rong Xian , Wu Chiu Mei, Chen Jan Zhong</u> | Tarnng Bennet Yun, Hsieh Pi Lien, Chu Ya Chi; <u>Independent Director: Hou Rong Xian , Wu Chiu Mei, Chen Jan Zhong</u> | Tarnng Bennet Yun, Hsieh Pi Lien, Chu Ya Chi; <u>Independent Director: Hou Rong Xian , Wu Chiu Mei, Chen Jan Zhong</u> |
| NT\$1,000,000 (include) ~ NT\$2,000,000 (exclude) | Weng Shu Zhen | Weng Shu Zhen | Weng Shu Zhen | Weng Shu Zhen |
| NT\$2,000,000 (include) ~ NT\$3,500,000 (exclude) | None | None | None | None |
| NT\$3,500,000 (include) ~ NT\$5,000,000 (exclude) | None | None | None | None |
| NT\$5,000,000 (include) ~ NT\$10,000,000 (exclude) | None | None | None | None |
| NT\$10,000,000 (include) ~ NT\$15,000,000 (exclude) | None | None | None | None |
| NT\$15,000,000 (include) ~ NT\$30,000,000 (exclude) | None | None | None | None |
| NT\$30,000,000 (include) ~ NT\$50,000,000 (exclude) | None | None | None | None |
| NT\$50,000,000 (include) ~ NT\$100,000,000 (exclude) | None | None | None | None |
| Greater than or equal to NT\$100,000,000 | None | None | None | None |
| Total | 7 people | 7 people | 7 people | 7 people |

note1 : Provide remuneration levels for each director of the Company, including their names (for corporate shareholders, the names of the corporate shareholders and their representatives should be listed separately), and separately disclose the amounts of remuneration for both the general and independent directors in an aggregated manner. If a director also serves as a General Manager or Deputy General Manager, both Table (3-1) and either Table (3-2-1) or (3-2-2) should be completed.

note2 : It refers to the compensation of directors in the most recent fiscal year, including director salaries, job allowances, severance pay, various bonuses, incentives, and so on.

note3 : It refers to the amount of director remuneration approved by the board of directors for the most recent fiscal year.

note4 : It refers to the expenses related to the business activities carried out by directors in the most recent year (including transportation expenses, special expenses, various allowances, dormitories, vehicles provided, etc.). When providing housing, cars, and other transportation or dedicated personal expenses, the nature and cost of the assets provided, the actual or fair market value of the rent, fuel costs, and other payments should be disclosed. In addition, if there is a driver provided, please provide a note explaining the relevant compensation paid by the company to the driver, but it is not included in the director's compensation.

note5 : It refers to the remuneration received by directors who also serve as employees (including those who also serve as General Managers, Deputy General Managers, other executives and staff) during the latest fiscal year. This includes salaries, job allowances, severance pay, various bonuses, incentives, transportation expenses, special allowances, dormitories, cars and other tangible benefits provided. If housing, cars, or other transportation are provided, the nature and cost of the assets provided, actual or fair market rental, fuel costs, and other benefits should be disclosed. If a driver is provided, please provide details of the related compensation provided by the company, but do not include it in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share-based Payment", including the acquisition of employee stock option certificates, restricted stock rights for employees, and participation in cash capital increases to subscribe for shares, should also be included in the remuneration.

note6 : This refers to the disclosure of the amount of employee compensation (including stock and cash) received by directors who also serve as employees (including those who serve as general manager, deputy general managers, other managers, and staff) in the most recent fiscal year. The amount of employee compensation approved and allocated by the board of directors in the most recent fiscal year should be disclosed. If it cannot be estimated, the proposed allocation amount for this year should be calculated based on the actual allocation ratio of the previous year, and form 1-3 should be filled out separately.

- note7 : It should disclose the total amount of remuneration paid to the directors of the company, including the company itself, by all companies (including the company) in the consolidated financial statements.
- note8 : The total amount of remuneration paid to each director of our company shall be disclosed along with the name of the director in their respective range.
- note9 : All companies (including our company) that are included in the consolidated financial statements should disclose the total amount of remuneration paid to each director of our company, and the director's name should be disclosed in the relevant remuneration bracket.
- note10 : Net profit after-tax refers to the net profit of the individual or separate financial statement in the most recent fiscal year.
- note11 : a. This column should clearly indicate the amount of remuneration received by the company's directors from investments outside of subsidiaries or from the parent company (if none, please indicate "none").
- b. If the company's directors have received remuneration from investments outside of subsidiaries or the parent company, the remuneration received by the company's directors from investments outside of subsidiaries or the parent company should be included in Column I of the remuneration range table, and the column name should be changed to "Parent Company and All Re-invested Businesses."
- c. Remuneration refers to the compensation, remuneration (including employee, director and supervisor remuneration), and business execution expenses related to the company's directors serving as directors, supervisors, or executives of investment entities outside of subsidiaries or the parent company.
- * The content of remuneration disclosed in this table differs from the concept of income under the Income Tax Act. Therefore, the purpose of this table is for information disclosure only and not for tax purposes.

(2) Remuneration of General Manager and Deputy General Manager

Unit : NT\$

| Title | Name (note1) | Salary(A) (note2) | | Pension (B) | | Bonuses and Allowances(C) (note3) | | Employee Compensation (D) (note4) | | | | Ratio of total compensation (A+B+C+D) to net income(loss) (%) (note8) | | Remuneration from ventures other than subsidiaries or from the parent company (note9) |
|------------------------|------------------|-------------------|--|-------------|--|--------------------------------------|--|-----------------------------------|-------|--|-------|---|--|--|
| | | The Company | Companies in financial statements (note5) | The Company | Companies in financial statements (note5) | The Company | Companies in financial statements (note5) | The Company | | Companies in financial statements (note5) | | The company | Companies in financial statements (note5) | |
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| General Manager | Tarng Bennet Yun | 960,000 | 960,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 960,000 (2.64%) | 960,000 (2.64%) | None |
| Deputy General Manager | Yan Yong Sen | 720,000 | 720,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 720,000 (1.98%) | 720,000 (1.98%) | None |
| Deputy General Manager | Lai Cheng Lin | 720,000 | 720,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 720,000 (1.98%) | 720,000 (1.98%) | None |

* All positions equivalent to General Manager or Deputy General Manager, regardless of job title (such as President, CEO, Director General, etc.), should be disclosed.

Remarks: Only a fixed remuneration is paid to the general manager and deputy general manager, and their remuneration is not performance-related.

General Manager and Deputy General Managers' Range of Remuneration Form

| Range of Remuneration for each General managers and Deputy General Managers | Name of General managers and Deputy General Managers | |
|---|--|--|
| | The company(note6) | Companies in financial statements (note7) E |
| Less than NT\$1,000,000 | Tarng Bennet Yun, Yan Yong Sen, Lai Cheng Lin | Tarng Bennet Yun、Yan Yong Sen, Lai Cheng Lin |
| NT\$1,000,000(include) ~ NT\$2,000,000(exclude) | None | None |
| NT\$2,000,000 (include) ~NT\$3,500,000 (exclude) | None | None |
| NT\$3,500,000 (include) ~NT\$5,000,000 (exclude) | None | None |
| NT\$5,000,000 (include) ~NT\$10,000,000 (exclude) | None | None |
| NT\$10,000,000 (include) ~NT\$15,000,000 (exclude) | None | None |
| NT\$15,000,000 (include) ~NT\$30,000,000 (exclude) | None | None |
| NT\$30,000,000 (include) ~NT\$50,000,000 (exclude) | None | None |
| NT\$50,000,000 (include) ~NT\$100,000,000 (exclude) | None | None |
| Greater than or equal to NT\$100,000,000 | None | None |
| Total | 3 people | 3 people |

Note1 : The names of the General Manager and Deputy General Manager should be separately listed, and the various amounts of compensation should be disclosed in an aggregated manner. If a director concurrently serves as the General Manager or Deputy General Manager, the form (1-1) or (1-2-1) and (1-2-2) should be filled out.

Note2 : It refers to the salary, position allowance, and severance pay of the current year for the General Manager and deputy Deputy General Manager.

Note3 : It refers to the total amount of compensation, including salary, job allowances, and severance pay, for the General Manager and Deputy General Manager in the most recent fiscal year. It should include all types of bonuses, rewards, car and travel expenses, special allowances, housing and vehicle benefits, and other forms of compensation provided in kind. If the company provides housing, cars, or other assets for personal use, it should disclose the nature and cost of the assets provided, the actual or fair market value of the rent, fuel costs, and other expenses. If a driver is provided, a note should be included explaining the relevant compensation paid by the company, but this should not be counted as part of the compensation. Additionally, any salary expense recognized in accordance with IFRS 2 "Share-based Payment," including the acquisition of employee share certificates, restricted employee stock options, and participation in cash capital increases, should also be included in the compensation.

Note4 : It refers to the employee compensation (including stocks and cash) allocated to the General Manager and Deputy General Manager in the most recent fiscal year, which has been approved by the board of directors. If the amount cannot be estimated, it should be calculated based on the proportion of actual distribution in the previous year, and should also be accompanied by the disclosure in Schedule 1-3.

Note5 : The total amount of remuneration paid to the General Manager and Deputy General Manager of the company, as well as all other companies (including this company) included in the consolidated financial statements, should be disclosed in the consolidated report.

Note6 : The total amount of remuneration paid by our company to each General Manager and Deputy General Manager is disclosed in the appropriate salary range, along with the names of the General Manager and Deputy General Manager.

Note7 : The total amount of all companies (including our company) paid to each General Manager and Deputy General Manager of our company should be disclosed in the consolidated report, and the name of the General Manager and Deputy General Manager should be disclosed in the appropriate salary range.

Note8 : Net profit after-tax refers to the net profit of the individual or separate financial statement in the most recent fiscal year.

Note9 : a. This column should clearly indicate the total amount of remuneration received by the company's General Manager and Deputy General Manager from investment entities outside of subsidiaries or the parent company (if there is none, please state "none").

b. If the company's directors have received remuneration from investments outside of subsidiaries or the parent company, the remuneration received by the company's directors from investments outside of subsidiaries or the parent company should be included in Column I of the remuneration range table, and the column name should be changed to "Parent Company and All Re-invested Businesses."

c. Remuneration refers to the compensation, remuneration (including employee, director and supervisor remuneration), and business execution expenses related to the company's directors serving as directors, supervisors, or executives of investment entities outside of subsidiaries or the parent company.

* The contents of remuneration disclosed in this table are different from the concept of income under the Income Tax Act. Therefore, the purpose of this table is for information disclosure only, and not for tax assessment.

(3) The remuneration of the top five highest-paid executives of listed and OTC companies.

Unit : NT\$

| Title | Name | Salary(A) (note2) | | Pension (B) | | Bonuses and Allowances(C) (note3) | | Employee Compensation (D) (note4) | | | | Ratio of total compensation (A+B+C+D) to net income(loss) (%) (note8) | | Remuneration from ventures other than subsidiaries or from the parent company (note9) |
|------------------------|------------------|-------------------|---|-------------|---|-----------------------------------|---|-----------------------------------|-------|---|-------|---|-----------------------------------|---|
| | | The company | Companies in financial statements (note5) | The company | Companies in financial statements (note5) | The company | Companies in financial statements (note5) | The company | | Companies in financial statements (note5) | | The company | Companies in financial statements | |
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| General Manager | Tarng Bennet Yun | 960,000 | 960,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 960,000 (2.64%) | 960,000 (2.64%) | None |
| Deputy General Manager | Yan Yong Sen | 720,000 | 720,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 720,000 (1.98%) | 720,000 (1.98%) | None |
| Deputy General Manager | Lai Cheng Lin | 720,000 | 720,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 720,000 (1.98%) | 720,000 (1.98%) | None |

Note 1 : The term "top five highest-paid executives" refers to the company's managers. The criteria for identifying such managers shall be determined in accordance with the Securities and Futures Bureau's letter No. 0920001301 dated March 27, 2003. As for the principles for calculating and determining the "top five highest-paid" executives, they are based on the salaries, retirement and pension benefits, bonuses, and special allowances received by the company's managers from all companies included in the consolidated financial statements, as well as the total amount of employee compensation (i.e., the total amount of A+B+C+D), and the top five highest-paid individuals shall be identified based on the sorting results. If a director concurrently serves as a aforementioned executive, both this form and form (1-1) shall be filled out.

Note 2 : It refers to the salary, position allowance, and severance pay of the current year for top five highest-paid executives.

Note 3 : It refers to the total amount of compensation, including salary, job allowances, and severance pay, for the top five highest-paid executives in the most recent fiscal year. It should include all types of bonuses, rewards, car and travel expenses, special allowances, housing and vehicle benefits, and other forms of compensation provided in kind. If the company provides housing, cars, or other assets for personal use, it should disclose the nature and cost of the assets provided, the actual or fair market value of the rent, fuel costs, and other expenses. If a driver is provided, a note should be included explaining the relevant compensation paid by the company, but this should not be counted as part of the compensation. Additionally, any salary expense recognized in accordance with IFRS 2 "Share-based Payment," including the acquisition of employee share certificates, restricted employee stock options, and participation in cash capital increases, should also be included in the compensation.

Note 4 : It refers to the employee compensation (including stocks and cash) allocated to the top five highest-paid executives in the most recent fiscal year, which has been approved by the board of directors. If the amount cannot be estimated, it should be calculated based on the proportion of actual distribution in the previous year, and should also be accompanied by the disclosure in Schedule 1-3.

Note 5 : The total amount of remuneration paid to the top five highest-paid executives of the company, as well as all other companies (including this company) included in the consolidated financial statements, should be disclosed in the consolidated report.

Note 6 : Net profit after-tax refers to the net profit of the individual or separate financial statement in the most recent fiscal year.

Note 7 : a. This column should clearly indicate the total amount of remuneration received by the company's top five highest-paid executives from investment entities outside of subsidiaries or the parent company (if there is none, please state "none").

b. Remuneration refers to the compensation, remuneration (including employee, director and supervisor remuneration), and business execution expenses related to the company's top five highest-paid executives serving as directors, supervisors, or executives of investment entities outside of subsidiaries or the parent company.

* The contents of remuneration disclosed in this table are different from the concept of income under the Income Tax Act. Therefore, the purpose of this table is for information disclosure only, and not for tax assessment.

(4) Names of managers who distributed employee remuneration and the distribution details

December, 31, 2023

| Item | Title (Note1) | Name (Note3) | Stock | Cash | Total | Ratio of Total Amount to Net net profit after-tax (%) |
|-----------------|---|------------------|-------|------|-------|---|
| Managers | General Manager | Tarng Bennet Yun | 0 | 0 | 0 | 0 |
| | Deputy General Manager of the Finance Dept. | Yan Yong Sen | 0 | 0 | 0 | 0 |
| | Deputy General Manager of the Sales Dept. | Lai Cheng Lin | 0 | 0 | 0 | 0 |

Note 1: Individual names and job titles should be disclosed, but profit distribution may be disclosed in an aggregated manner.

Note 2: This section requires disclosure of the amount of employee compensation distributed to executives approved by the board of directors in the most recent fiscal year (including stock and cash), and if the amount cannot be estimated, it should be calculated based on the proportion of actual distribution from the previous year. Net profit after-tax refers to the net profit after-tax of the most recent fiscal year. If international financial reporting standards have been adopted, net profit after-tax refers to the net profit after-tax from the individual or separate financial statements of the most recent fiscal year.

Note 3: The range of applicable managers is defined in accordance with the letter issued by Taiwan Securities and Futures Institute on March 27, 2003, with reference number 0920001301. The range is as follows:

- (1) General managers and equivalent positions.
- (2) Deputy general managers and equivalent positions.
- (3) Assistant general managers and equivalent positions.
- (4) Finance department heads.
- (5) Accounting department heads.
- (6) Other individuals who have management responsibilities and signing authority for the company.

Note 4: If directors, general managers, and deputy general managers receive employee remuneration (including stocks and cash), in addition to filling out Table 1-2, they should also fill out this table.

(5) Comparison and Analysis of the Ratio of Total Remuneration Paid to the Company's Directors, General Manager, and Deputy General Manager in the Past Two Years to Net Profit After Tax for all Companies included in the Company's Consolidated Financial statements and Explanation of the Policy, Standards, and Composition of Remuneration, the Procedure for Determining Remuneration, and the Relationship between operational performance and Future Risks. :

1. Total remuneration paid to the Company's directors, general manager and deputy general manager as a percentage of after-tax net income for the last two years.

| Title | 2022 | | 2023 | |
|--|-------------|-----------------------------------|-------------|-----------------------------------|
| | The Company | Companies in financial statements | The Company | Companies in financial statements |
| Director | | | | |
| General Managers and Deputy General Managers | (11.18%) | (11.18%) | (10.60%) | (10.60%) |

(1) The director remuneration paid by our company and all companies included in the financial reports for the years 2022 and 2023, accounted for (4.31%) and (6.64%) of the after-tax net profit (loss) respectively.

(2) The total amount of remuneration paid to the General Manager and Deputy General Managers by our company and all the companies mentioned in the financial reports in 2022 and 2023, accounted for (6.87%) and (6.61%) of the after-tax net profit.

2. The Company's policies, criteria and packages of the compensation, the procedures for determining compensation, and its relationship to the operating performance and future risks:

2.1. The policies, criteria and packages of compensation paid, the procedure for determining compensation and operating performance:

(1) Pursuant to Article 32, Paragraph 1 of the Company's Articles of Incorporation, if there is any earnings in the year, the Company shall set aside an amount not exceeding 2% of the Company's such earnings as directors' compensation, which shall be evaluated by the Remuneration Committee with reference to the degree of participation in the Company's operation and the value contributed by the individual directors, and a reasonable compensation shall be drafted and submitted to the Board of Directors for its resolution. In accordance with Article 3 of the Company's "Rules Governing the Remuneration of Directors and Managers," independent directors are to be paid a fixed monthly remuneration based on the resolution of the Remuneration Committee and the Board of Directors, and the Company does not offer any distribution of earnings to independent directors.

- (2) Pursuant to Article 6 of the Company's "Rules Governing the Remuneration of Directors and Managers", the Remuneration Committee may approve the salaries and compensation of managers based on the degree of the managers' participation in the Company's operations and their contributed value, with reference to the salary level of the same industry and the achievement rate of individual performance, before submitting them to the Board of Directors for resolution.

2.2. Relationship to future risks:

- (1) The Company revises the "Rules Governing the Remuneration of Directors and Managers" in accordance with the actual operating profit and loss each year and the salary level of directors and managers in the same industry, as appropriate, in order to ensure that the remuneration of the Company's management is competitive in the industry and to retain outstanding management talents.
- (2) The Company's compensation is governed by the Articles of Incorporation" and the "Rules Governing the Remuneration of Directors and Managers" and has been resolved by the Remuneration Committee and the Board of Directors. The policies, criteria and packages of the remuneration, the procedure for determining the remuneration, and the relationship between the remuneration and the Company's operating performance will not be subject to material uncertain future risks.

4. Corporate Governance Status :

(1) Operations of the Board of Directors :

The Board of Directors held 6 meetings (A) in the most recent fiscal year 2023 with the attendance and participation of the directors as follows :

| Title | Name | Attendance in Person (B) | By Proxy | Attendance Ratio(%) (B/A) _(note1、note2) | Remarks |
|----------------------|--|--------------------------|----------|--|---|
| Chairman | Corporate representative of Ding Hong International Investment CO., Ltd: Weng Shu Zhen | 6 | 0 | 100% | The director was elected on July 7th, 2021 and was expected to attend six meetings during the term |
| Directors | Hsieh Pi Lien | 0 | 6 | 0% | The director was elected on July 7th, 2021 and was expected to attend six meetings during the term |
| Directors | Tarng Bennet Yun | 6 | 0 | 100% | The director was elected on July 7th, 2021 and was expected to attend six meetings during the term |
| Directors | Corporate representative of MingPei Investment CO., Ltd: Chu Ya Chi | 6 | 0 | 100% | The director was elected on July 7th, 2021 and was expected to attend six meetings during the term |
| Independent Director | Wu Chiu Mei | 6 | 0 | 100% | The director was elected on July 7th, 2021 and was expected to attend six meetings during the term |
| Independent Director | Hou Rong Xian | 6 | 0 | 100% | The director was elected on July 7th, 2021 and was expected to attend six meetings during the term |
| Independent Director | Chen Jan Zhong | 2 | 0 | 100% | The director was elected on June 13th, 2023 and was expected to attend two meetings during the term |

Other mentionable items :

- 1、If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified :
 - (1) The matters listed in Article 14-3 of the Securities and Exchange Act are not applicable to the Company, as it has established an audit committee in accordance with Article 14-5 of the Securities and Exchange Act
 - (2) Other board resolutions that have been opposed or reserved with recorded or written statements by independent directors, besides the aforementioned matters: None.
- 2、If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
- 3、TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors: :

| Evaluation cycle (note 1) | Evaluation period (note2) | Scope of evaluation (note3) | Evaluation method (note4) | Evaluation items (note5) |
|------------------------------|---|---|--|--|
| Once a year | 2023.01.01 to 2023.12.31 | The performance evaluation of the board of directors | internal self-evaluation of the board of directors | A.Involvement in company operations B.Improving the quality of board decisions C.Composition and structure of the board of Directors D.Selection and ongoing education of directors E.Internal control |
| | | The performance evaluation of individual director | self-evaluation of directors | A.Understanding of the company's mission and targets B. Awareness of the responsibilities of being a director C. Involvement in company operations D. Management and communication of internal relationships E. Directors' expertise and ongoing professional development F. Internal Control |
| | | Performance Evaluation of Functional Committees (Audit Committee, Compensation Committee) | internal self-evaluation of Compensation Committee | A.Involvement in company operations B.Awareness of the responsibilities of Compensation Committee C.Improving the quality of Compensation Committee's decisions. D.Composition and Member Selection of the Compensation Committee. E.Internal Control |
| Evaluation Results | The self-assessment by the Board of Directors, individual Board members and the Functional Committee for the year 2023 resulted in an overall favorable operational outcome, and the results of the assessment were submitted to the board of directors meeting on March 7, 2024. | | | |

Note 1: Refers to the cycle of Board evaluations, such as: Once a year.

Note 2: Refers to the period covered by the Board evaluation, such as: evaluation of Board performance between January 1, xxx and December 31, xxx.

Note 3: The scope of performance evaluations includes the Board of Directors, individual directors, and functional committees.

Note 4: The evaluation method includes internal self-evaluation by the Board of Directors, self-assessment by directors, peer evaluation, and entrusting external professional institutions and experts or using other appropriate methods for performance evaluation.

Note 5: According to the scope of evaluation, evaluation items must at least include the following items:

(1) Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued

development, and internal control °

(2) Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.

(3) Functional committee performance evaluation: Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees, and member selection and internal control.

4、Assessment implementation of the performance of strengthening the functions of the board of directors in the current and recent years (such as the establishment of audit committees, enhancing information transparency, etc.):

1. The operation of the Board of Directors follows the provisions of " Rules of Procedure for Board of Directors Meetings " of our company.
2. To enhance the soundness of the board structure, our company has established the "Board Member Diversity Policy" in accordance with the "Corporate Governance Best Practice Principles".
3. To assist the directors in fulfilling their duties and enhance the effectiveness of the board, a "Standard Operating Procedure for Handling Director Requests" has been established.
4. To enhance information transparency, important resolutions are promptly announced on the Market Observation Post System (MOPS) after the board of directors meeting for the convenience of investors' reference.
5. The Company has established an Audit Committee as of July 7, 2021 to replace the Supervisors' duties and to assist the board of directors in fulfilling its supervisory responsibilities, with members attending a total of 54 hours of corporate governance-related courses in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."
6. Risk control improvement: The status of corporate governance operations, fulfillment of social responsibilities and the company's fulfillment of ethical management are all implemented in accordance with the principles, and each implementation status has been reported to the board of directors, with liability insurance coverage provided to the directors.

Note 1 : Directors who are legal entities shall disclose the names of their shareholders and the names of their representatives.

Note 2 : (1) If a director resigns before the end of the fiscal year, the departure date should be noted in the remarks column. The actual attendance rate (%) should be calculated based on the number of times the director attended meetings during his or her tenure and the number of times he or she actually attended.

(2) Before the end of the fiscal year, in case of any change in the board of directors, both the incoming and outgoing directors should be listed, and the remarks column should indicate whether the director is a re-elected incumbent, a newly appointed member, or a newly elected individual, along with the election date. The actual attendance rate (%) should be calculated based on the number of board meetings held during their tenure and their actual attendance record.

(2) Operations of Audit Committee

1. Operations of Audit Committee :

The Audit Committee held 6 meetings during the latest fiscal year 2023, and attendance was as follows :

| Title | Name | Attendance in Person B | By Proxy | Attendance Rate (%)B/A (note) | Remarks |
|----------|----------------|------------------------|----------|-------------------------------|---|
| Convener | Hou Rong Xian | 6 | 0 | 100% | The director took office on 2021.07.07 was expected to attend 6 meetings during the term. |
| Member | Wu Chiu Mei | 6 | 0 | 100% | The director took office on 2021.07.07 was expected to attend 6 meetings during the term. |
| Member | Chen Jan Zhong | 2 | 0 | 100% | The director took office on 2023.06.13 was expected to attend 2 meetings during the term. |

Other mentionable items :

1. If any of the following situations in the operation of the Audit Committee occurs, the date and session of the Board of Directors, the contents of the agenda, the content of the suggestions or objections raised by independent directors, the decision and resolution of the Audit Committee, and the handling of the company's opinions on the Audit Committee shall be disclosed :

(1) The matters listed in Article 14-5 of the Securities and Exchange Act :

| Period and Date of the Board of Directors | Content | The resolution of the audit committee. | The company's response to the audit committee's opinions |
|--|---|--|--|
| The 12th Board Meeting of the 13th term 2023.01.11 | 1. The case for a list of non-assurance services that the Company's CPA firm, Ernst & Young Global Limited, and its affiliates are expected to be provided in 2023. | All attending committee members agreed to pass the proposal. | Approved by all Directors present without objection |
| The 13th Board Meeting of the 13th term 2023.03.07 | 1. The Company's 2022 Annual Financial Statements. 2. The Company's 2022 Annual Statement of Internal Control. | | |
| The 14th Board Meeting of the 13th term 2023.05.03 | 1. The Company's Consolidated Financial Statements for the 1st Quarter of 2023. 2. Amendments to the operational procedures for the handling of material internal information and the prevention of insider trading. | | |
| The 15th Board Meeting of | 1. Changes in the selling price for the disposal of idle equipment. 2. Endorsement and guarantee for the | | |

| | | | |
|---|--|--|--|
| the 13th term 2023.05.25 | subsidiary MOSPEC Semiconductor (Sichuan). | | |
| The 16th Board Meeting of the 13th term 2023.08.08 | 1. The Company's Consolidated Financial Statements for the 2nd Quarter of 2023. | | |
| The 17th Board Meeting of the 13th term 2023.11.03 | 1. The Company's Consolidated Financial Statements for the 3rd Quarter of 2023. 2. Proposal for a new capital loan to MOSPEC Semiconductor (Sichuan). 3. The Company's 2024 Internal Audit Plan. | | |

(2) The other resolutions that have been approved by more than two-thirds of all directors but not passed by the audit committee: None.

2. The execution of independent directors' abstention from interested party transactions should include the names of the independent directors, the content of the proposal, the reasons for abstention due to potential conflicts of interest, and their voting participation: None.

3. The communication between independent directors and the head of internal audit and accountants of the company(should include the financial and business status of the company, as well as the methods and results of such communication) :

(1) The independent directors of our company hold regular (at least four times a year) communications with the head of internal audit at the Audit Committee meetings, and the interaction between them is good. The head of internal audit regularly reports on the execution of the audit plan and improvement status at these meetings (at least four times a year), and engages in communication and exchange of opinions on the effectiveness of the company's internal control.

(2) The independent directors of the company regularly communicate and interact with the auditors at the Audit Committee meetings, and the interaction is good. At these meetings, the auditors discuss with the independent directors on issues related to the audit plan and improvement measures, the review or audit of the company's financial reports, or financial, tax, and internal control matters at these meetings.

4.The annual work priorities of the Audit Committee of the Company are as follows:

1. The main focus of the operation of the Audit Committee of the Company is to oversee the following matters :

(1) The proper expression of the financial statements of the Company.

(2) Selection (dismissal) of the signing certified public accountants, their remuneration, independence, and performance.

(3) Effective implementation of internal control.

(4) Compliance with relevant laws and regulations.

(5) Management and control of existing or potential risks of the Company.

2. The main authorities of our company's Audit Committee are as follows :

- (1) Establishing or amending internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
- (2) Evaluating the effectiveness of internal control systems.
- (3) Establishing or amending procedures for significant financial transactions, such as acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, endorsing or guaranteeing for others, in accordance with Article 36-1 of the Securities and Exchange Act
- (4) Matters involving conflicts of interest of directors themselves.
- (5) Significant asset or derivative transactions.
- (6) Significant lending, endorsement or guarantee of funds.
- (7) Issuing, offering, or privately placing equity securities.
- (8) Appointment, removal, or compensation of signing auditors.
- (9) Appointment and dismissal of financial, accounting, or internal audit managers.
- (10) Annual financial reports signed or stamped by the Chairman, General Manager, and chief of accounting dept., and the second-quarter financial report that requires certification by a signing auditor.
- (11) Other significant matters prescribed by the company or regulatory authorities.

Note :

- * If a director resigns before the end of the fiscal year, the departure date should be noted in the remarks column. The actual attendance rate (%) should be calculated based on the number of times the director attended meetings during his or her tenure and the number of times he or she actually attended.
- * Before the end of the fiscal year, in case of any change in the board of directors, both the incoming and outgoing directors should be listed, and the remarks column should indicate whether the director is a re-elected incumbent, a newly appointed member, or a newly elected individual, along with the election date. The actual attendance rate (%) should be calculated based on the number of board meetings held during their tenure and their actual attendance record.

(3) 、 Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

| Evaluation item | Implementation status (Note 1) | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|--------------------------------|----|--|--|
| | Yes | No | Summary description | |
| 1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies? | V | | Our company has formulated our own "Corporate Governance Practice Guidelines" in accordance with the "Corporate Governance Practice Guidelines for Listed and OTC Companies," and the relevant content has been disclosed on our company's website and Market Observation Post System. | No difference |
| 2.Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? | V | | (1) Besides engaging the services of a share registrar, he company has also established a spokesperson and an acting spokesman system in accordance with its internal operating procedures, which is responsible for handling investor relations, and addressing issues related to shareholder suggestions, queries, disputes or litigation. The company's website also provides contact information and an email address for the investor relations department. | No difference |

| | | | |
|---|---|--|---------------|
| (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? | V | (2)The company is constantly aware of the shareholding status of directors, managers, and major shareholders holding more than 10% of the shares, and maintains good interactive relationships with major shareholders by keeping track of the list of major shareholders and their ultimate controllers through the shareholder register. | No difference |
| (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? | V | (3) The company has established a "Subsidiary Supervision Policy," which clearly defines the duties and responsibilities between the company and related enterprises. It has also established appropriate firewall mechanisms based on risk assessments to ensure continued execution and control. | No difference |
| (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information? | V | (4) In addition to compliance with the Securities and Exchange Act, the Company's employees, managers and directors are also required to comply with the "Code of Business Conduct and Ethics for the Board of Directors and Managers", "Codes of Ethical Conduct for Employees", "Management of Material Inside Information Handling and Prevention of Insider Trading" and "Ethical Corporate Management Best Practices", etc. Relevant personnel are prohibited from engaging in insider trading by exploiting undisclosed information known to them, nor are they allowed to disclose it to others to prevent others from engaging in insider trading by exploiting undisclosed information. | No difference |

| | | | | |
|--|---|--|--|--|
| 3. Composition and responsibilities of the board of directors | | | | |
| (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented? | V | | (1) The Company has established diversity policies for the board of directors in the "Corporate Governance Best Practice Principles" and has gone through a cautious selection and nomination process, taking into account the operational needs of the Company, and has appointed seven directors. Among the seven directors, less than one-third of them are employees, with three directors between the ages of 41 and 50, one between the ages of 51 and 60, two between the ages of 61 and 70, and one over the age of 71. Please refer to page 18 of the Annual Report for the implementation of the diversity policies for all board members. | No difference |
| (2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee? | V | | (2) The company currently has established a remuneration committee and an audit committee in accordance with regulations. In the future, the company will establish other functional committees as needed based on its business operations. | This company will conduct an evaluation and decide whether to establish such committees based on the company's needs and relevant regulatory requirements. |

| | | | |
|--|----------|--|----------------------|
| <p>(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p> | <p>V</p> | <p>(3)On January 9th, 2020, the Board of Directors passed a revised "Board of Directors Performance Evaluation Measures", which was subsequently renamed as "Board of Directors and Functional Committees Performance Evaluation Measures".</p> <p>For the performance evaluation of the 2023 fiscal year, the following explanation is provided:</p> <p>Overall Board of Directors Performance Evaluation: the evaluation was based on the actual operation of the Board of Directors, including participation in the company's operations, improving the quality of decision-making, the composition and structure of the Board of Directors, the selection and ongoing education of directors, internal controls, and other five aspects. The score was 96, indicating that the overall operation of the Board of Directors of the company is relatively sound and in line with corporate governance principles.</p> <p>Individual Board of Directors Performance Evaluation: evaluated by each member of the Board of Directors, the evaluation criteria included understanding of the company's goals and missions, awareness of director's responsibilities, participation in the company's operations, management of internal relationships and communication, professionalism and continuous education of directors, internal controls, and other six aspects. The overall average score was 96.15, indicating a positive evaluation of the efficiency and effectiveness of the directors in all evaluation areas.</p> | <p>No difference</p> |
|--|----------|--|----------------------|

| | | | |
|--|---|---|---------------|
| (4) Does the Company regularly evaluate its external auditors' independence? | V | <p>The aforementioned performance evaluation results were reported to the Board of Directors on March 7th, 2024. The company will continue to conduct evaluations and comply with regulations set by relevant authorities. In the future, the results of performance evaluations will be considered in the individual director's compensation and nomination for reappointment.</p> <p>(4) In accordance with No. 10 of the "Norm of Professional Ethics", the items that may affect the independence of a CPA, Article 47 of the "Certified Public Accountant Act", the financial reports evaluation items that are not allowed to be certified, and Article 29, Paragraph 5 of the "Corporate Governance Best Practice Principles", the Company has prepared a "CPA Independence Evaluation Form" to evaluate the independence of the CPA annually, and to ask for a statement of independence from the CPA and submit it to the Audit Committee and the Board of Directors for their reviews on the independence of the CPA.</p> <p>The evaluation of the independence of the auditors for the fiscal year 2023 has been discussed and approved in the Audit Committee and the Board of Directors meeting held on March 7, 2024. Please refer to Note 2 for the items and results of the assessment of auditor independence.</p> | No difference |
| 4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance | V | The company has designated the General Manager's Office as the dedicated unit responsible for corporate governance affairs, with the Corporate Governance Officer responsible for supervision. The main business responsibilities and progress of the unit are as follows: | No difference |

| | | | |
|---|--|--|--|
| <p>officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?</p> | | <ol style="list-style-type: none"> 1. As the unit responsible for the board of directors' meetings, we compile the meeting agenda, clearly state the reasons for convening the meeting, and send the notice of convocation to all directors seven days before the meeting. We also provide sufficient meeting materials to ensure that attendees can fully understand the relevant information related to the agenda items. When a board meeting agenda involves a matter in which a director or their representative has a conflict of interest, we remind them to recuse themselves from the discussion and voting. Within twenty days after the meeting, we send the minutes of the meeting to the directors for retention. 2. The unit in charge is responsible for releasing important decisions, announcements, or major information after the board of directors and shareholders' meetings to ensure the legality and accuracy of disclosed information, in order to protect the equal access to transaction information for investors. ° 3. Registering for the shareholders' meeting in advance according to the law, and compiling the meeting notice, agenda, and minutes within the prescribed timeframe. 4. Registering changes to various operations of the company. 5. To enhance the efficiency of the board of directors, an annual performance evaluation is conducted at the beginning of each year for the previous year's board and functional committees. The results are reported to the most recent board of directors meeting. 6. Evaluate the appropriate coverage amount for directors, and key employee liability insurance, complete the insurance application, and report the coverage details to the board of directors. | |
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| | | <p>7. Irregularly provide relevant training and development opportunities for directors, and complete the necessary application processes.</p> <p>8. Irregularly provide updates on new or revised laws and regulations related to business operations, corporate governance, and management for directors.</p> <p>9. Annually review the corporate governance assessment indicators, and propose improvement plans and corresponding measures for any indicators that have not been scored.</p> | |
| <p>5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?</p> | V | <p>Currently, our company has disclosed a dedicated section for stakeholders and an investor relations contact window on our website, www.mospec.com.tw, and also responded appropriately to important issues related to corporate social responsibility that stakeholders are concerned about.</p> <p>In line with our commitment to sustainable business practices, we have established effective communication channels with stakeholders to maintain their rights.</p> <p>1. Investors :</p> <p>We value the rights of investors and shareholders and provide a platform for full disclosure of business, finance, and corporate governance through a spokesperson or representative at shareholder meetings or through the spokesperson system to guarantee the rights of investors.</p> <p>2. Customers :</p> <p>Our sales staff are responsible for providing consultation and assistance with customer-related issues, and promptly respond to relevant units to provide the necessary assistance.</p> | No difference |

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| | | | <p>3. Suppliers : Our chief and employee of purchasing dept communicate and coordinate with suppliers.</p> <p>4. Employee : Establish a proper complaint channel to effectively address employee feedback and opinions related to the company's business, financial status, or significant decisions that may affect their interests.</p> | |
| 6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings? | V | | Our company has appointed the Stock Affairs Agency Department of President Securities Co., Ltd. to handle the affairs of our shareholders' meetings. | No difference |
| 7. Information Disclosure | | | | |
| (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? | V | | (1) Our company has established a website (www.mospec.com.tw) and disclosed financial, business, and corporate governance information on it. | No difference |
| (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? | V | | (2) To provide our shareholders and the public with comprehensive information, our company has implemented a spokesperson system and established an investor relations section on the website. The section contains financial and business data, corporate presentations (including related materials and recordings), and information related to corporate governance. It is available for reference and inquiry by investors. | No difference |

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| <p>(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?</p> | | V | <p>(3) The financial report for the fiscal year 2023 has been approved by the board of directors on March 7th, 2024, and the declaration and announcement of the report were completed within the stipulated time frame.</p> <p>The financial reports for the first to third quarters of 2023, and the operating results for each month, were also declared and announced within the prescribed period.</p> | Submitted within the stipulated deadline. |
| <p>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?</p> | | V | <p>1.Employee benefits :</p> <p>The company has established a employee welfare committee to handle employee welfare matters, actively encouraging employees to participate in various training courses. Regular labor-management meetings are held to understand the ideas of both sides and achieve a win-win situation between labor and management.</p> <p>2.Employee care :</p> <p>The company has established a communication channel between the management level of each department and employees. The HR department regularly monitors the attendance status of each employee through the attendance system and provides timely assistance if any thing happened.</p> <p>3.Investor relations :</p> <p>Our company hold annual shareholder meetings in compliance with regulations, providing shareholders with opportunities to ask questions or make proposals. Investors can also express their opinions through phone calls, emails, and other ways. We have also established a spokesperson system to handle shareholder</p> | No difference |

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| | | <p>suggestions, inquiries, and disputes. In accordance with regulatory requirements, we handle relevant information disclosure and reporting matters promptly, providing timely information that may impact investor decision-making.</p> <p>4. Supplier relations : Our company maintains good communication with our partner banks, employees, consumers, and suppliers to maintain good relationships.</p> <p>5. Rights of Stakeholders : Our company has designated spokespersons and authorized representatives to communicate directly with stakeholders, and we respect and maintain their legitimate rights and interests.</p> <p>6. Directors' Professional Development : Please refer to note 3 for information on our directors' professional development.</p> <p>7. Implementation of risk management policies and risk assessment standards : In accordance with legal requirements, the company has established various internal regulations to manage and assess various risks.</p> <p>8. Implementation of customer policies : We has always taken a proactive approach to serving its customers in order to maintain good customer relations.</p> <p>9. The purchase of liability insurance for directors : We has renewed its policy for directors and executives on August 8, 2023.</p> | |
|--|--|--|--|

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| | | <p>10. The training status of the corporate governance managers, accounting managers, and audit managers: please refer to Note 3.</p> <p>11. To prevent insider trading and safeguard the interests of investors and the company, our corporation implements the following measures:</p> <p>(1) The "Management of Material Inside Information Handling and Prevention of Insider Trading" was established to prohibit insiders, such as company directors or employees, from exploiting undisclosed information in the market for the purpose of trading marketable securities to gain profits.</p> <p>(2) Annual training on the "Prohibition of Insider Trading" for directors and executives.</p> <p>(3) Quarterly education and promotion for directors and executives on "violations of the Securities and Exchange Act by insiders for changes in shareholding."</p> | |
| <p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)</p> <ol style="list-style-type: none"> 1. The Company has established an Audit Committee to strengthen corporate governance. 2. The Company uploads relevant information in both English and Chinese languages prior to the shareholders' meeting, in order to facilitate timely access to English financial information for shareholders and stakeholders. | | | |

Note1: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in in the explanation column for each item.

Note 2 : Assessment form for the independence and suitability of the approved auditor as recognized by the Board of Directors.

Mospec Semiconductor Corp.

Assessment of Independent and Qualified Status of Audit Certified Public Accountants for the Year 2023

(1) Evaluation of Appointed Accounting Firm and Accountant :

Appointed Accountant of Ernst & Young Global Limited : Accountant Li Fang Wen 、 Accountant Chiou Wan Ru

(3) Evaluation Content :

(1) Evaluation Standards for CPA's Independence:

Formulated with reference to Article 47 of the Accountant Act and The Norm of Professional Ethics for Certified Public Accountant Bulletin No.10 in the R.O.C.

| Evaluation Item | Evaluation Result |
|--|---|
| 1. The Accountant has no direct or significant indirect financial interests with the company. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. There are no significant close business relationships between the Accountant and the company. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. There are no potential employment relationships between the Accountant and the company during the audit of the company. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 4. The Accountant has not engaged in any financial borrowing or lending activities with the company. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 5. The Accountant has not received any significant gifts or gratuities (beyond usual social courtesies) from the company, its directors, managers, or related parties. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 6. The Accountant has not provided audit services to the company continuously for seven years. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 7. The Accountant does not hold any shares in the company. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 8. The Accountant, their spouse, or dependents, and their audit team, have not served as directors, supervisors, managers of the company, or held any positions that would have a significant impact on the audit in the past two years, and it has been confirmed that they will not assume any of the aforementioned positions in the future audit period. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 9. Whether the Accountant has complied with the regulations on independence set forth in the The Norm of Professional Ethics for Certified Public Accountant Bulletin No.10, and obtained the "Independence Declaration" issued by the certifying accountant. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

(2) Evaluation Standards for CPA's Suitability:

In accordance with the Audit Quality Indicators (AQI) information provided by the CPA firm:

| Evaluation Item | Evaluation Result |
|--|-------------------|
| 1. Audit experience | Passed |
| 2. Training hours | Passed |
| 3. Turnover | Passed |
| 4. Professional Support | Passed |
| 5. CPA's workload | Passed |
| 6. Devotion in auditing | Passed |
| 7. Review status of the Engagement quality control reviewer (EQCR) | Passed |
| 8. Quality control support capabilities | Passed |
| 9. Percentage of non-audit service fees | Passed |
| 10. Customer familiarity | Passed |
| 11. External inspection deficiencies and penalties | Passed |
| 12. Letter of improvement from the competent authority | Passed |
| 13. Innovative plans or initiatives | Passed |

(3) Work Performance :

- Completed the financial audits for each period of our company on schedule.
- Completed the financial audits for each period of our re-invested company on schedule.
- Provided occasional financial and tax advisory services to our company.

(4) Evaluation Result :

The Company appointed CPAs Li, Fang-Wen and Chiou, Wan-Ru of Ernst & Young Global Limited to audit and certify the 2023 financial statements of the Company. Having referred to Article 47 of the Certified Public Accountant Act and the evaluation items provided in Article 10, "Integrity, Objectivity and Independence" of the ROC's Norm of Professional Ethics, and the Audit Quality Indicators (AQI) information provided by the accounting firm. No violations of independence and suitability were found for the two CPAs upon the evaluation, thus, both of them are deemed suitable.

Note 3: The training status of the directors, the accounting managers, the audit managers, and the corporate governance managers :

| Title | Name | Date of Continuous Education | Organizer | Course Name | Hour of Continuous Education |
|---------------------------------|-------------------|--------------------------------------|---|--|------------------------------|
| Chairman | Weng Shu Zhen | June,09,2023 | Securities and Futures Institute | 2023 Insider Trading Prevention Advocacy | 3 Hours |
| | Weng Shu Zhen | July,13,2023 | Joint organized with TPEX | TWSE/TPEX Listed Companies Sustainability Action Plan Advocacy | 3 Hours |
| Director | Hsieh Pi Lien | July,04,2023 | TWSE | 2023 Cathay Sustainable Finance and Climate Change Summit | 6 Hours |
| | Tarnng Bennet Yun | June,02,2023 | Securities and Futures Institute | 2023 Insider Trading Prevention Advocacy | 3 Hours |
| | Tarnng Bennet Yun | July,04,2023 | TWSE | 2023 Cathay Sustainable Finance and Climate Change Summit | 6 Hours |
| | Chu Ya Chi | June,19,2023 | Taiwan Corporate Governance Association | Trends and Challenges in Information Security Governance | 3 Hours |
| | Chu Ya Chi | August,07,2023 | Taiwan Corporate Governance Association | Ways for Enterprises to Implement Energy Saving and Carbon Reduction to Enhance Corporate Profitability | 3 Hours |
| Independent Director | Hou Rong Xian | March,06,2023 | Taiwan Corporate Governance Association | Net Zero Trend_Practical Observations on the Board's ESG Decision Making | 3 Hours |
| | Hou Rong Xian | August,07,2023 | Taiwan Corporate Governance Association | Better, Faster, More Value - Improving the Maturity of Enterprise Procedures and Digitalization | 3 Hours |
| | Hou Rong Xian | August,07,2023 | Taiwan Corporate Governance Association | The Design, Establishment and Management of the Remuneration Committee | 3 Hours |
| | Wu Chiu Mei | May,22,2023 | TWSE and TPEX | TWSE/TPEX Listed Companies Sustainability Action Plan Advocacy | 3 Hours |
| | Wu Chiu Mei | October,20,2023 | Securities and Futures Institute | 2023 Insider Trading Prevention Advocacy | 3 Hours |
| | Chen Jan Zhong | January,05,2023 | Securities and Futures Institute | How to Utilize the Profit-making Functions of the Functional Committees of the Board of Directors | 3 Hours |
| | Chen Jan Zhong | February,10,2023 | Taiwan Corporate Governance Association | Competition and Consumer Protection in the Digital Economy | 3 Hours |
| | Chen Jan Zhong | February,16,2023 | Taiwan Academy of Banking and Finance | Information Security Governance Seminar - Information Security Strategic Mindset and Practices | 3 Hours |
| | Chen Jan Zhong | May,10,2023 | Taiwan Corporate Governance Association | Improvement of Sustainable Enterprise Value through the Strengthening of the Board of Directors' Functions | 3 Hours |
| Accounting Supervisor | Yan Yong Sen | November,16,2023 November,17,2023 | Department of Accountancy, NCKU | Accounting Supervisor Continuing Education | 12 Hours |
| Corporate Governance Supervisor | He Kun fa | June,02,2023 | Securities and Futures Institute | 2023 Insider Trading Prevention Advocacy | 3 Hours |
| | | July,04,2023 | TWSE | 2023 Cathay Sustainable Finance and Climate Change Summit | 6 Hours |
| | | October,13,2023 | Securities and Futures Institute | 2023 Insider Trading Prevention Advocacy | 3 Hours |
| | | October,27,2023 | Securities and Futures Institute | Sustainable Development Practical Seminar | 3 Hours |
| Audit Supervisor | Dong Ru bi | March,14,2023 | The Institute of Internal Auditors | Practical Discussions on Insider Trading and Financial Statement Fraud | 6 Hours |
| | Dong Ru bi | November,16,2023 | The Institute of Internal Auditors | Requirements and Practical Analysis of Capital Lending, Endorsement and Guarantee and Acquisition/Disposal of Assets | 6 Hours |

(4) If the company has established a remuneration committee, it should disclose its composition, responsibilities, and operation :

(1) Information on Remuneration Committee Members

| Capacity | Name | Professional qualifications and experience | Number of other public companies at which the person concurrently serves as independent director |
|----------------------|----------------|--|--|
| Independent Director | Hou Rong Xian | Referring to pages 14-20, Section 2, Disclosure of Director Information, including professional qualifications of directors and information regarding the independence of independent directors. ° | 3 |
| Independent Director | Wu Chiu Mei | | 0 |
| Independent Director | Chen Jan Zhong | | 2 |

Note 1: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. If the member is an independent director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Directors and Supervisors (1) on p. _____. For “Capacity,” please specify whether the member is an independent director or other (if the member is the convenor, please note that fact).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.

Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a “specified company” (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 4: Regarding the method for disclosure, please refer to the “SAMPLE ANNUAL REPORT” page on the website of the Taiwan Stock Exchange Corporate Governance Center.

(2) The responsibilities of the remuneration committee are as follows :

The remuneration committee of our company is established with a professional, objective, and impartial position to evaluate the remuneration policies and systems of our directors, audit committee members, and senior management. It provides recommendations to the board of directors for decision-making purposes.

(3) Operation of the Remuneration Committee :

1. The Company's remuneration committee has a total of three members.
2. The term of the current members is from 7, 7, 2021 to 7, 6, 2024 . The number of remuneration committee meetings held twice in the most recent fiscal year 2023 (A). The attendance by the members was as follows :

| Title | Name | Attendance in Person (B) | By proxy | Attendance rate (%) (B / A)(note) | Remarks |
|----------|----------------|----------------------------|----------|-------------------------------------|---|
| Convenor | Hou Rong Xian | 2 | 0 | 100% | The director took office on 2021.07.07 was expected to attend 2 meetings during the term. |
| Member | Wu Chiu Mei | 2 | 0 | 100% | The director took office on 2021.07.07 was expected to attend 2 meetings during the term. |
| Member | Chen Jan Zhong | 2 | 0 | 100% | The director took office on 2023.01.11 was expected to attend 2 meetings during the term. |

Other information required to be disclosed:

1. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.
2. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.
3. The topics discussed and decisions made by the Remuneration Committee, and the company's handling of members' opinions :

| Session and Date of Remuneration Committee | Topic Content | Results | The Company's opinions of the compensation committee. |
|--|--|--|---|
| The Fourth Meeting of the Fifth session Remuneration Committee. 2023.03.07 | 1. The Company's intention of not offering year-end bonuses, employee compensation and directors' compensation, as the | All attending members agreed to pass the resolution. | Follow the result |

| | | | |
|---|--|--|-------------------|
| | Company was still operating at a loss in 2022. | | |
| The Fifth Meeting of the Fifth session Remuneration Committee. 2023.11.03 | 1. Establishments of the Rules Governing the Remuneration of Directors and Managers. | All attending members agreed to pass the resolution. | Follow the result |

4. The main responsibilities of our company's Remuneration committee are as follows :

1. Regularly review the "Organizational Regulations of the Remuneration Committee" and propose amendments.
2. Develop and regularly review the performance targets and compensation policies, systems, standards, and structures for the directors and executives of our company on an annual and long-term basis.
3. Regularly evaluate the achievement of performance targets for the directors and executives of our company and determine the content and amount of their individual compensation.

Note :

1. If any remuneration committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.
2. If any by-election for remuneration committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

(5) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

1. Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

| Item | Implementation status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|--|--------------------------------|----|---|---|
| | Yes | No | Summary description (Note2) | |
| 1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board? | | V | Our company has not yet established a governance structure for promoting sustainable development and is currently being evaluated and planned by the management department. | Our company has not yet established a governance structure for promoting sustainable development |
| 2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2) | V | | Our company has not yet to set risk management policy in place, but the following issues are being continuously implemented: 1.Social issues: The company complies with labor, occupational safety and health, and environmental laws and regulations, and has established a friendly and safe working environment. Every year, employee health checkups are conducted, and employees are encouraged to participate in social welfare activities to fulfill the company's social responsibility. | No significant difference. |

| Item | Implementation status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|--|--------------------------------|----|--|---|
| | Yes | No | Summary description (Note2) | |
| | | | <p>2. Corporate governance issues: In accordance with the company's corporate governance guidelines, the company aims for sustainable operation, and is committed to improving profitability and shareholder equity while reducing operational risks.</p> <p>3. Environmental issues: The company is gradually phasing out and adopting energy-saving equipment and conserve water resources, to reduce the amount of harmful industrial waste produced, and jointly protect the earth and minimize environmental impacts.</p> | |
| <p>3. Environmental Issues</p> <p>(1) Has the Company set an environmental management system designed to industry characteristics?</p> | V | | Our company has established environmental management measures in accordance with environmental regulations, including air pollution prevention and control management measures, water pollution prevention measures, and waste disposal plans. The company also regularly commissions monitoring companies to conduct environmental monitoring, in compliance with environmental regulations. | No significant difference. |
| (2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact? | V | | Our company will implement measures such as recycling RO wastewater, reducing the generation of industrial waste, using environmentally friendly raw materials, and implementing garbage classification and resource recovery. | No significant difference. |

| Item | Implementation status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|--|--------------------------------|----|--|---|
| | Yes | No | Summary description (Note2) | |
| (3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them? | V | | Our company has set up 400KW rooftop solar power system and has been gradually replacing old equipment with energy-saving equipment to achieve the goal of energy saving and carbon reduction; water quality dosing control of the water chiller to improve the efficiency of the water chiller and to reduce the energy consumption. | No significant difference. |
| (4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes? | V | | <ol style="list-style-type: none"> 1.The Company has passed the SGS third-party verification and issued the GHG inspection summary report in 2019. Since there has been no use of greenhouse nitrous oxide and sulfur hexafluoride gases beyond 2022, the Company is exempted from the inventory list of the Environmental Protection Department and is not conducting any GHG inventories for the time being. However, the Company will conduct GHG inventories and verification in accordance with the requirements of the Sustainable Development Roadmap issued by the Financial Supervisory Commission in the following future. 2. We have switched to using RO wastewater for toilets, reducing water waste. 3. We have replaced lighting tubes with LDE energy-saving devices. 4. We have reduced the output of hazardous industrial waste. | No significant difference. |

| Item | Implementation status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|--------------------------------|----|---|---|
| | Yes | No | Summary description (Note2) | |
| 4. Social Issue | | | | |
| (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? | V | | Our company has established internal management policies and regulations in accordance with relevant labor laws and regulations such as the Labor Standards Act, Gender Equality in Employment Act, and Sexual Harassment Prevention Act, to ensure the labor rights and benefits of all employees and complying with legal requirements. | No significant difference. |
| (2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation? | V | | The Company has established work rules, including wages, allowances, bonuses, working hours, breaks, vacations, and retirement, all of which are in compliance with the provisions of the Labor Standards Act, as well as an Employee Welfare Committee, which offers benefits such as three holiday gifts, education subsidies, to name just a few. In addition, the Articles of Incorporation of the Company stipulate that should there be any profit in the year, the Company should set aside not less than one percent of the profit for the employees' compensation. | No significant difference. |
| (3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees? | V | | <ol style="list-style-type: none"> 1. We hold regular annual health checks for all employees and arrange for doctors to provide consultations based on their results. 2. There have been no occupational accidents among our workers this year. 3. We conduct regular inspections of fire safety and public safety of the building every year. | No significant difference. |

| Item | Implementation status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|--|--------------------------------|----|---|---|
| | Yes | No | Summary description (Note2) | |
| | | | 4. We hold regular safety education and training sessions for our workers, establish safety guidelines, and ensure a safe working environment. | |
| (4) Has the Company established effective career development training programs for employees? | V | | Every year, we develop an annual general education training program and arrange for employees to attend certification courses. We also offer irregular external training courses and provide educational training for new employees to enhance their career development and improve their professional knowledge and skills. | No significant difference. |
| (5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies? | V | | Our company's products comply with the international ROHS standards. In addition, we have established procedures for handling customer complaints, managing customer property, and conducting customer satisfaction surveys to ensure the protection of customer rights and a fair complaints process. Our commitment to customer satisfaction and quality assurance is our top priority. | No significant difference. |
| (6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation? | V | | Our company has established a subcontractor management procedure to standardize the evaluation, selection, and assessment system of subcontractors. This ensures that subcontractor products and systems meet our production requirements and maintain stable incoming material quality. If a supplier violates environmental protection, occupational safety and health, or labor rights laws and regulations, our company will list them as unqualified suppliers and replace them. | No significant difference. |

| Item | Implementation status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|--------------------------------|----|---|---|
| | Yes | No | Summary description (Note2) | |
| 5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above? | | V | our company is not required by law to prepare a corporate social responsibility report currently, therefore we have not yet prepared such a report. | Our company will continue to evaluate and comply with the regulations of the competent authorities based on the company's needs |
| 6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations : Our company has established the "Corporate Sustainable Development Guidelines" in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. All operational activities are conducted in accordance with these guidelines, without any exceptions. | | | | |
| 7. Other important information to facilitate better understanding of the company's promotion of sustainable development: None | | | | |

Note 1 : If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future. However, regarding the promotion of items 1 and 2, TWSE/TPEX Listed Companies shall describe the governance and supervisory framework for sustainable development, including but not limited to: management policies, strategies and goals setting, and review measures, etc. In addition, the Company shall describe its risk management policies or strategies on environmental, social, and corporate governance issues and their evaluation.

Note 2 : The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

Note 3 : Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

2. Climate-related Information for TWSE/TPEX Listed Companies

1. Implementation of Climate-Related Information

| Item | Implementation status |
|--|--|
| <p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p> | <p>The Board of Directors is concerned about the risks and opportunities associated with future climate change issues and has taken them into consideration. Therefore, in the course of reviewing major capital investments, the Board of Directors will prioritize low-carbon renewal and recycling, energy-saving and carbon reduction, and green energy investments, and will instruct internal management to implement the promotion of energy-saving, water-saving and waste reduction, along with the promotion of GHG emissions reduction management.</p> |
| <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term)</p> | <p><u>Short-term impact:</u> At present, based on the Sustainable Development Roadmap for TWSE/TPEX listed companies, future carbon tax collection and related regulations or future suppliers' requirements for GHG reduction are regarded as major risk items, and the Company's products are currently not within the scope of management regarding carbon tax or mandatory carbon trading. However, in case our products are to be required to pay additional carbon tax in the future, the main impact will be an increase in operating costs.</p> <p><u>Medium-term impact:</u> Risks such as increase in raw material costs, transition of the consumer market to low-carbon products, impact of extreme weather, impact of water shortages, and increasingly demanding low-carbon policies in the future will steer the products towards the low-carbon market in the future. The Company will commit itself to the low-carbon reduction management and control, water-saving processes, and product life-cycle, which will effectively control the product costs and secure orders in the low-carbon product market.</p> <p><u>Long-term impacts:</u> The ESG ratings will influence investors' and banks' willingness to fund, customers' ESG requirements, and the innovative ability to develop new low-carbon and low-energy products are the major risks. In the long-term, we will focus on the goals of sustainable corporate management, implement ESG governance, and invest in long-term R&D of low-carbon products to pursue more low-carbon business opportunities.</p> |

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| <p>3. Describe the financial impact of extreme weather events and transformative actions.</p> | <p>The extreme climatic effects of the rise in global average temperature has made the summer scorching hot, which leads to an increase in energy consumption and electricity expenses for air-conditioning of water chillers, and a significant change in rainfall patterns. In response to the water shortages in recent years, despite the low water consumption for the wet processes, the Company has already established an emergency response plan.</p> |
| <p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> | <p>There is no climate change risk management procedure established at the moment.</p> |
| <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p> | <p>A scenario analysis evaluation has not yet been used and will be considered for future development subject to the extent of the impact of climate change on the Company.</p> |
| <p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p> | <p>There is no transformation plan to address climate-related risks at the moment.</p> |
| <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> | <p>As of now, carbon pricing has not been utilized as a planning tool internally, and will be considered in the future based on the evaluation of the extent of the climate change impacts and relevant regulations.</p> |
| <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or</p> | <p>No climate-related goals have been set at this time, and consideration will be given to the development of overall climate risks and opportunities in the future.</p> |

| | |
|---|---|
| <p>renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> | |
| <p>9. Greenhouse gas inventory and assurance status and <u>reduction targets, strategy, and concrete action plan</u> (separately fill out in points 1-1 and 1-2).</p> | <p>In accordance with the "Sustainable Development Roadmap" published by the Financial Supervisory Commission in March 2022, the Company is classified as a TWSE/TPEX listed company with a paid-in capital of less than NT\$5,000 million. The individual companies shall complete the inventory in 2026 and the verification in 2028, whilst the subsidiaries within the consolidated statements shall complete the inventory in 2027 and the verification in 2029. the Company will continue to control the implementation of GHG inventory and verification, as well as the disclosure of GHG emissions, in accordance with the guidelines and regulations issued by the competent authorities.</p> |

1-1 The Company's GHG Inventory and Assurance Status for Last Two Years

1-1-1 GHG Inventory Information

Describe the GHG emissions (metric tons of CO₂e), intensity (metric tons of CO₂e per NT\$million), and the scope of the information for the most recent two years.

No inventory has been conducted yet, and the Company is required by the "Sustainable Development Roadmap" to complete an inventory of individual companies by 2026.

Note 1: Direct emissions (Scope 1, where the emissions come directly from sources owned or controlled by the Company), indirect emissions from energy (Scope 2, where the indirect GHG emissions come from the input of electricity, heat or steam) and other indirect emissions (Scope 3, where the emissions come from the activities of the Company, that are not indirect emissions from energy, but rather come from sources owned or controlled by other companies).

Note 2: The coverage of direct emissions and energy indirect emissions information shall be in line with the schedule stipulated by the order under Article 10, Paragraph 2 of the Standards, while other indirect emissions information may be disclosed voluntarily.

Note 3: GHG inventory standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of GHG emissions can be calculated per unit of product/service or turnover, whereas at minimum, the data calculated by turnover (NT\$ million) should be stated.

1-1-2 GHG Assurance Information

Describe the status of assurance for the two most recent years ended on the date of publication of the annual reports, including the scope of assurance, the assurance institutions, the assurance standards, and the assurance opinions.

The Company has not yet conducted the assurance process, and it is required by the "Sustainable Development Roadmap" that the assurance process should be completed by 2028 for individual companies.

Note 1: It shall be conducted in accordance with the schedule set by the order stipulated in Article 10, Paragraph 2 of this Standard. If the Company has not obtained a complete GHG assurance opinion by the publication date of the annual report, it shall be marked with "Full assurance information will be disclosed in the Sustainability Report". If the Company has not prepared a sustainability report, it shall be marked with "Full assurance information will be disclosed in the MOPS" and the complete assurance information shall be disclosed in the annual report of the following year.

Note 2: The assurance institution shall comply with the relevant requirements for assurance institutions of sustainability reports stipulated by TWSE and TPEx.

Note 3: The contents to be disclosed can be referred to the TWSE Corporate Governance Center's website for best practice examples.

1-2 GHG Reduction Targets, Strategies and Concrete Action Plans

Describe the base year of GHG reduction and its data, reduction targets, strategies and concrete action plans and the progress of achieving the reduction targets.

The Company has not yet set the base year and data, reduction targets, strategies and concrete action plans, and will establish and implement them in accordance with the "Sustainable Development Roadmap" issued by the Financial Supervisory Commission in March 2022 in a sequential manner.

Note 1: It shall be conducted in accordance with the schedule set out in the order as stipulated in Article 10, Paragraph 2 of the Standards.

Note 2: The base year should be the year in which the consolidated financial statements boundary inventory is completed. For example, pursuant to the order stipulated in Article 10, Paragraph 2 of the Standards, a company with a paid-in capital of NT\$10 billion or more shall complete the inventory of its consolidated financial statements for the year 2024 in the year 2025, thus, the base year shall be the year 2024; if the company has already completed the inventory of its consolidated financial statements ahead of the required schedule, then it may take the earlier year as the base year, and the data of the base year shall be calculated either in a single year or as the average of several years.

Note 3: The contents disclosed can be referred to the TWSE Corporate Governance Center's website for best practice examples.

(6) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

| Evaluation item | Implementation status (Note 1) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|--------------------------------|----|--|--|
| | Yes | No | Summary description | |
| 1. Establishment of ethical corporate management policies and programs | | | | |
| (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? | V | | (1) Our company is dedicated to operating with integrity, transparency, and accountability, and has established policies based on these principles. We have implemented good corporate governance and risk management mechanisms to create a sustainable operating environment. Our commitment to integrity is clearly stated in our regulations and external documents, and our board of directors and management are committed to actively implementing it in both internal management and external business activities. | No difference |
| (2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the | V | | (2) Our company, directors, managers, employees and substantial controllers comply with the Political Donations Act and relevant internal | No difference |

| Evaluation item | Implementation status (Note 1) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|--------------------------------|----|--|--|
| | Yes | No | Summary description | |
| <p>business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p> <p>(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p> | V | | <p>operating procedures in providing direct or indirect donations to political organizations or individuals participating in political activities. The company does not seek to gain commercial benefits or transactional advantages through such donations.</p> <p>(3) Our company is committed to preventing any unethical behavior and has established comprehensive measures, including operational procedures, codes of conduct, and training programs. We provide a legitimate reporting channel and ensure confidentiality of the identity and content of whistleblowers. We publicly disclose on the company's internal website the titles, names, dates of violation, details of the violation, and the measures taken for employees who violate the policies of ethical business conduct</p> | No difference |
| <p>2. Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those</p> | V | | (1) Our company conducts business activities in a | No difference |

| Evaluation item | Implementation status (Note 1) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|--|--------------------------------|----|---|--|
| | Yes | No | Summary description | |
| <p>it has business relationships with and include ethical conduct related clauses in the business contracts?</p> <p>(2)Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p> | V | | <p>fair and transparent manner. Before engaging in any commercial transactions, we carefully evaluate the legality and honesty of our agents, suppliers, customers, or other trading partners, and avoid doing business with those who have a record of dishonest behavior. When signing contracts with others, we include provisions that require compliance with our policy of integrity and terminate or dissolve the contract if the counterparty engages in any dishonest behavior.</p> <p>(2) The Company has established the management department as a part-time unit in promoting corporate social responsibility, and promotes the departments to handle the related business in accordance with their duties and responsibilities, and the implementation status of ethical management has been reported to the board of directors on March 7, 2024.</p> | No difference |

| Evaluation item | Implementation status (Note 1) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|--------------------------------|----|---|--|
| | Yes | No | Summary description | |
| (3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies? | V | | (3) Our company's "Ethical Corporate Management" establishes a policy for avoiding conflicts of interest. When our staff members are conducting business on behalf of the company and they encounter a situation that conflicts with their own interests or the interests of the legal person they represent, or may result in themselves, their spouses, parents, children, or related parties gaining undue benefits, they must disclose the matter voluntarily and report it to their immediate supervisor and the management department of the company. The immediate supervisor should provide appropriate guidance. Our staff members are not allowed to use company resources for business activities outside the company, nor should they let their participation in business activities outside the company affect their work performance. | No difference |
| (4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit | V | | (4) Our company has established effective accounting and internal control systems to prevent potential high-risk dishonest behavior. The internal audit | No difference |

| Evaluation item | Implementation status (Note 1) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|--|--------------------------------|----|--|--|
| | Yes | No | Summary description | |
| <p>follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p> | V | | <p>unit develops an annual audit plan or project plan based on risk assessment results to carry out auditing work, including risk assessment items that encompass the impact of dishonest behavior on the company's operations.</p> <p>(5) Our company holds regular and irregular training sessions on the topic of ethical business practices for both internal and external stakeholders. These sessions are designed to strengthen employees' adherence to our Ethical Corporate Management and other related management policies.</p> | No difference |
| <p>3. Implementation of Complaint Procedures</p> <p>(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?</p> | V | | <p>(1) Our company upholds integrity in all business activities and strictly prohibits corruption and any form of fraudulent behavior. The company has incorporated ethical conduct into employee performance evaluations and human resource policies, with a clear and effective system for rewards, punishment, and complaints. Therefore, if any employee or representative of</p> | No difference |

| Evaluation item | Implementation status (Note 1) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|--|--------------------------------|----|---|--|
| | Yes | No | Summary description | |
| (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? | V | | <p>the company is suspected of engaging in questionable behavior or violating the company's ethical or professional standards, the company has established an official website where a reporting mailbox for violations of ethical conduct or professional ethics is available, which will be directly handled by the company's designated personnel.</p> <p>(2) If employees violate professional ethical norms, the company will take disciplinary actions, including dismissal, based on the severity of the situation in accordance with the company's "Reward and Punishment Regulations." And if there are any complaints, employees may use the employee complaint mailbox (E-Mail) to provide feedback.</p> | No difference |
| (3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints? | V | | <p>(3) Unless otherwise required by law, the personal information of whistleblowers shall be kept confidential and appropriate measures shall be taken to protect their personal data and privacy.</p> | No difference |

| Evaluation item | Implementation status (Note 1) | | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons |
|---|--------------------------------|----|---|--|
| | Yes | No | Summary description | |
| 4. Strengthening Information Disclosure (1) Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)? | √ | | (1) Our company has uploaded the "Ethical Corporate Management" approved by the Board of Directors to our website and the Public Information Observation Station to disclose information related to integrity management. | No difference |
| 5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: Our company strictly follows the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and has established a " Ethical Corporate Management" accordingly. All business activities are carried out in accordance with this code without exception. | | | | |
| 6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): 1. In order to uphold the principle of ethical corporate, our company has established a channel for stakeholder feedback and complaints on our website, providing a platform for stakeholders to voice their grievances in the event of infringement on their rights and interests. 2. Our company established the "Ethical Corporate Management" on July 31, 2014, and revised it after approval by the Board of Directors on April 29, 2021. 3. The Board of Directors approved the revision of the "Code of Ethics Conduct for Directors and Managers" and "Code of Ethics Conduct for Employees" on April 29, 2021. | | | | |

Note 1: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in in the explanation column for each item.

(7) If the company has established corporate governance codes and related regulations, the ways to access them should be disclosed:

These can be found under the "Rules and Regulations on Corporate Governance" section of the Corporate Governance page on the MOPS (<https://mops.twse.com.tw/>) or under the "Corporate Governance" section of the "Investor Relations" page on our company's website (<https://www.mospec.com.tw/>).

(8) Other important information that enhances understanding of the company's corporate governance operation may also be disclosed, as follows:

The participation in the continuing education of corporate governance by the Company's accounting supervisors, governance supervisors and auditing supervisors is as follows:

| Title | Name | Date of Continuous Education | Organizer | Course Name | Hour of Continuous Education |
|---------------------------------|------------------|--------------------------------------|------------------------------------|--|------------------------------|
| Chairman | Weng Shu Zhen | June,09,2023 | Securities and Futures Institute | 2023 Insider Trading Prevention Advocacy | 3 Hours |
| | Weng Shu Zhen | July,13,2023 | Joint organized with TPEX | TWSE/TPEX Listed Companies Sustainability Action Plan Advocacy | 3 Hours |
| Director | Tarng Bennet Yun | June,02,2023 | Securities and Futures Institute | 2023 Insider Trading Prevention Advocacy | 3 Hours |
| | Tarng Bennet Yun | July,04,2023 | TWSE | 2023 Cathay Sustainable Finance and Climate Change Summit | 6 Hours |
| Accounting Supervisor | Yan Yong Sen | November,16,2023 November,17,2023 | Department of Accountancy, NCKU | Accounting Supervisor Continuing Education | 12 Hours |
| Corporate Governance Supervisor | He Kun fa | June,02,2023 | Securities and Futures Institute | 2023 Insider Trading Prevention Advocacy | 3 Hours |
| | | July,04,2023 | TWSE | 2023 Cathay Sustainable Finance and Climate Change Summit | 6 Hours |
| | | October,13,2023 | Securities and Futures Institute | 2023 Insider Trading Prevention Advocacy | 3 Hours |
| | | October,27,2023 | Securities and Futures Institute | Sustainable Development Practical Seminar | 3 Hours |
| Audit Supervisor | Dong Ru bi | March,14,2023 | The Institute of Internal Auditors | Practical Discussions on Insider Trading and Financial Statement Fraud | 6 Hours |
| | Dong Ru bi | November,16,2023 | The Institute of Internal Auditors | Requirements and Practical Analysis of Capital Lending, Endorsement and Guarantee and Acquisition/Disposal of Assets | 6 Hours |

(9) Disclosures Required for the Implementation of the Internal Control System :

1. Statement on Internal Control

MOSPEC SEMICONDUCTOR CORP.

Statement on Internal Control

Date : 03, 07, 2024

The Company states the following with regard to its internal control system during fiscal year 2023, based on the findings of its self-assessment:

- 1、The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
- 2、An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
- 3、The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (hereinbelow, the “Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
- 4、The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- 5、Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December, 31, 2023 Note 2 its internal control system (including its supervision and management of subsidiaries and its overall implementation of information security), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is—with the exception of the matters, if any, specifically listed in the Appendix—effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- 6、This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- 7、This Statement has been passed by the Board of Directors Meeting of the Company held on March, 07, 2024, where 0 of the 7 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

MOSPEC SEMICONDUCTOR CORP.

Chairman : Weng Shu Zhen (signature)

General Manager : Tarng Bennet Yun (signature)

2. Entrusting an accountant to conduct a special review of the internal control system, the report of the accountant's review should be disclosed: None.

(10) The company and its internal personnel have been punished in accordance with the law, and the company have been punishments for internal personnel violating the internal control system regulations in the Past Year and as of the Date of Publication of the Annual Report: None.

(11) Major Resolutions of Shareholders' Meeting and Board Meetings in the Past Year and as of the Date of Publication of the Annual Report:

1. Major Resolutions of Shareholder's Meeting:

| | | |
|---------|--|---|
| Date | June 13, 2023 at 9:00 a.m. | |
| Address | The Company's Welfare Center at 1F, No. 76, Zhongshan Rd., Xinshi Dist., Tainan City | |
| | Important Resolution | Implementation Status |
| | 1. 2022 annual business report and financial statements. | Upon approval by the shareholders' meeting, the relevant forms were submitted in accordance with the regulations to the competent authorities for review and declaration. |
| | 2. 2022 loss appropriation. | Upon approval by the shareholders' meeting, the Company submitted a declaration in accordance with the regulations to the competent authorities. |
| | 3. Approved the by-election of an independent director. | The change of registration was approved by Tainan City Government on June 16, 2023. |
| | 4. Approved the case of lifting the restriction on non-competition of new independent directors. | The shareholders' meeting approved the lifting of the restriction on directors' non-competition, and released material information on the MOPS. |

2. Major Resolutions of the Board of Directors' Meeting:

| Meeting Name | Date | Major resolutions |
|--|------------|--|
| The twelfth Meeting of the 13th session of the board of directors | 2023.01.11 | 1. Approved the list of non-assurance services that are expected to be provided by the Company's certified public accounting firm, Ernst & Young Global Limited, and its affiliates in 2023. 2. Approved the appointment of members of the Company's remuneration committee. 3. Approved the amendments to the standard operating procedures for handling requests from directors. 4. Approved the renewal of the short-term operation financing agreement with First Commercial Bank, Southern Taiwan Science Park Branch. |
| The thirteenth Meeting of the 13th session of the board of directors | 2023.03.07 | 1. Approved the Company's 2022 annual financial statements. 2. Approved the Company's 2022 business report. 3. Approved the Company's 2022 loss appropriation. 4. Approved the issuance of the Company's "2022 Statement on Internal Control". 5. Approved the by-election of one independent director of the Company, and the period for accepting the nomination of candidates, the place for reception and related matters. |

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| | | <p>6. Approved the lifting of restrictions on non-competition of new independent directors.</p> <p>7. Approved the date and place of the 2023 regular shareholders' meeting of the Company and related matters.</p> <p>8. Approved the amendments to the Company's Corporate Governance Best Practice Principles.</p> |
| The fourteenth Meeting of the 13th session of the board of directors | 2023.05.03 | <p>1. Approved the Company's consolidated financial statements for the first quarter of 2023.</p> <p>2. Approved the examination of the list of independent director candidates nominated by the board of directors.</p> <p>3. Approved the establishment of the "Directions for the Implementation of Continuing Education for Directors."</p> <p>4. Approved the amendments to the management procedures for handling material inside information and the prevention of insider trading.</p> |
| The fifteenth Meeting of the 13th session of the board of directors | 2023.05.25 | <p>1. Approved the change in the selling price for the disposal of idle equipment.</p> <p>2. Approved the endorsement and guarantee for MOSPEC Semiconductor (Sichuan).</p> <p>3. Approved the post-pandemic revitalization loan application for business turnover.</p> |
| The sixteenth Meeting of the 13th session of the board of directors | 2023.08.08 | <p>1. Approved the Company's consolidated financial statements for the second quarter of 2023.</p> |
| The seventeenth Meeting of the 13th session of the board of directors | 2023.11.03 | <p>1. Approved the Company's consolidated financial statements for the third quarter of 2023.</p> <p>2. Approved the newly proposed fund loan to the subsidiary MOSPEC Semiconductor (Sichuan).</p> <p>3. Approved the Company's 2024 operating budget.</p> <p>4. Approved the Company's 2024 internal audit plan.</p> <p>5. Approved the establishment of the Rules Governing the Remuneration of Directors and Managers.</p> <p>6. Approved the renewal of the short-term operation financing agreement with First Commercial Bank, Southern Taiwan Science Park Branch.</p> |
| The eighteenth Meeting of the 13th session of the board of directors | 2024.03.07 | <p>1. Approved the Company's 2023 business report and financial statement.</p> <p>2. Approved the Company's 2023 loss appropriation.</p> <p>3. Approved the issuance of the Company's "2023 Statement on Internal Control"</p> <p>4. Approved the election of directors and independent Directors for the Company</p> <p>5. Approved the matters related to the nomination period, number of directors to be elected, venue and related matters for the 2024 regular shareholders' meeting.</p> <p>6. Approved the examination of the list of independent director candidates nominated by the board of directors.</p> |

| | | |
|--|------------|---|
| | | <p>7.Approved the lifting of restrictions on non-competition of the directors and representative.</p> <p>8.Approved the date and place of the 2024 regular shareholders' meeting of the Company and related matters.</p> <p>9.Approved the amendments of Company's 「 Rules of Procedure for Board of Directors Meetings 」 and 「 Regulations of Audit Committee 」</p> <p>10.Approved the assessment of the independence and applicability of the Auditors, non-assurance service list, appointment, and remuneration.</p> <p>11.Approved the application for financing credit line from the branch of Southern Taiwan science park of First Commercial Bank for the operating needs.</p> |
| The nineteenth Meeting of the 13th session of the board of directors | 2024.05.02 | <p>1.Approved the consolidated financial statements for the first quarter of the year 2024.</p> <p>2.Approved the endorsement and guarantee for the subsidiaries and H&M Semiconductor (SICHUAN) Co., Ltd.</p> <p>3.Approved the disposal of fixed assets deemed idle and without productive or resale value.</p> <p>4.Approved the 「 Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises 」</p> |

- (12) In the Past Year and as of the Date of Publication of the Annual Report, a director or supervisor has a different opinion on important decisions made by the Board of Directors and has documented or made a written statement: None.
- (13) In the Past Year and as of the Date of Publication of the Annual Report , summary of resignations and dismissals of the company's Chairman, General Managers, Accounting Managers, Financing Managers, Internal Audit Managers, and R&D Managers, etc.: None

Note : The term "corporate officials" refers to individuals such as the chairman, general manager, accounting managers, finance managers, internal audit managers, corporate governance managers, and research and development managers of the company.

5. Information on Accountant Fees:

(1) Information on Accountant Fees:

Amount unit : NT thousand dollars

| Name of accounting firm | Name of Accountants | Period covered by the accountant audit | Audit fees | Non-audit fees | Total | Remarks |
|-------------------------------|---------------------|--|------------|----------------|-------|---|
| Ernst & Young Accountant Firm | Li Fang Wen | 2023.01.01-2023.12.31 | 2,000 | 224 | 2,224 | Tax Visa : NT 100 thousand dollars |
| | Chiou Wan Ru | 2022.01.01-2023.12.31 | | | | Domestic and foreign, printing fee, postage : NT 124 thousand dollars |

Please specify the services for which the non-audit fees were paid: (e.g., tax certification, assurance, or other financial consultation and advisory services)

Note: If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column and disclose sequentially the audit and non-audit fees paid. For non-audit fees, additionally specify the content of the services.

1. If there is a change in the accounting firm and the audit fees paid for the current year are lower than the previous year, the company should disclose the amounts of audit fees and reason before and after the change : None

2. In case the audit fees have decreased by more than 10% compared to the previous year, the company should disclose the amount and percentage of the decrease in audit fees and reason: None

6. Information on Replacement of Accountant: None

7. The company shall disclose the names, titles, and employment periods at the audit firm or its related enterprises, within the past year, of the Chairman, General Manager, or persons responsible for finance or accounting affairs. The related enterprises of the audit firm refer to the companies or institutions listed as related enterprises in the information released or printed by the audit firm, in which the accountant holds over 50% of the shares or has acquired over half of the board seats, or in which the accountant is a related party in any other way: None.

8. Particulars about Changes in Shareholding and Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report:

1. Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders: None

2. The relative of share trading is related : None

3. The relative of share pledge is related : None

9. Information regarding the relationship between the top ten shareholders who hold a significant proportion of shares, and their related party relationships in accordance with Financial Accounting Standards Bulletin No. 6

Relationships Among the Top 10 Shareholders

April 14, 2024

| Name (Note 1) | Shareholdings | | Name (Note 1) Shareholding | | Total shareholding by nominee arrangements | | Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3) | | Remarks |
|--|---------------|--------|----------------------------|---|--|-------|---|--------------|---------|
| | Shares | % | Shares | % | Shares | % | Name of entity or individual | Relationship | |
| Representative of Ding Hong International Investment CO., Ltd: Tsai Wen Hsiu | 8,735,109 | 23.60% | - | - | - | - | - | - | - |
| Representative of MingPei Investment CO. Ltd: Hsieh Pi Lien | 2,320,579 | 6.27% | - | - | - | - | - | - | - |
| | 2,140,802 | 5.78% | - | - | 2,330,849 | 6.30% | | | |
| Hsieh Pi Lien | 2,140,802 | 5.78% | - | - | 2,330,849 | 6.30% | - | - | - |
| Representative of Horizon Securities Co., Ltd.: Chiang Ko Chin | 1,800,000 | 4.86% | - | - | - | - | - | - | - |
| Representative of Peng Chia International Investment CO. Ltd.: Tsai Hsiu Yin | 1,286,833 | 3.47% | - | - | - | - | - | - | - |
| Cheng En Tzu | 1,204,427 | 3.25% | - | - | - | - | - | - | - |
| Chiang Chih Chiang | 1,045,000 | 2.82% | - | - | - | - | - | - | - |
| Ko Pa Hsi | 886,073 | 2.39% | - | - | - | - | - | - | - |
| Chang Hsiao Yi | 857,249 | 2.31% | - | - | - | - | - | - | - |
| Liao Hsiu Chen | 497,162 | 1.34% | - | - | - | - | - | - | - |

Note 1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note 2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note 3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

10. The company, its directors, managers, and businesses controlled directly or indirectly by the company shall calculate their comprehensive shareholding percentage by combining their shareholding in the same invested business :

Total Ownership of Shares in Investee Enterprises

Unit: Shares; %

| Investee Enterprise (Note1) | Investment By The Company | | Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company | | Total Investment | |
|---------------------------------------|------------------------------|-----------------------|--|-----------------------|------------------|-----------------------|
| | Shares | Shareholding ratio | Shares | Shareholding ratio | Shares | Shareholding ratio |
| NHM (BVI) HOLDINGS LTD. | 10,804,742 | 100% | - | - | 10,804,742 | 100% |
| H&M SEMICONDUCTOR (SICHUAN)LTD. | - | - | 10,000,000 | 100% | 10,000,000 | 100% |

Note1 : The Company investment calculated according to the equity method.

IV. Fundraising Situation

1. Capital and Shares

(1). Source of Share Capital

Amount Unit : NT\$

| year/month | Issue price | Authorized Capital | | Paid-in Capital | | Remarks | | |
|------------|-------------|--------------------|---------------|-----------------|-------------|--|---|---|
| | | Shares | Amount | Shares | Amount | Source of Share Capital | Capital Increased by Assets Other than Cash | Other |
| 1987/3 | 10 | 2,000,000 | 20,000,000 | 2,000,000 | 20,000,000 | Found | None | None |
| 1987/7 | 10 | 5,000,000 | 50,000,000 | 5,000,000 | 50,000,000 | Capital increase NTD 30,000,000 | None | None |
| 1988/4 | 10 | 19,800,000 | 198,000,000 | 19,800,000 | 198,000,000 | Capital increase NTD 118,300,000 | None | Technology stocks increase NTD 29,700,000 |
| 1990/7 | 10 | 35,000,000 | 350,000,000 | 35,000,000 | 350,000,000 | Capital increase (Note 1) NTD 152,000,000 | None | None |
| 1993/3 | 10 | 40,000,000 | 400,000,000 | 40,000,000 | 400,000,000 | Capital increase (Note 2) NTD 50,000,000 | None | None |
| 1997/5 | 10 | 59,960,000 | 599,600,000 | 44,990,000 | 449,900,000 | Capital increase (Note 3) NTD 49,900,000 | None | None |
| 1998/7 | 10 | 59,960,000 | 599,600,000 | 50,388,800 | 503,888,000 | Surplus transferred to capital increase (Note 4) NTD 53,988,000 | None | None |
| 1999/8 | 10 | 59,960,000 | 599,600,000 | 57,705,776 | 577,057,760 | Capital increase (Note 5) NTD 70,544,320 Employee dividend (Note 5) NTD 2,625,440 | None | None |
| 2000/8 | 10 | 79,000,000 | 790,000,000 | 64,940,530 | 649,405,300 | Surplus transferred to capital increase (Note 6) NTD 69,246,930 Employee dividend (Note 6) NTD 3,100,610 | None | None |
| 2001/7 | 10 | 114,000,000 | 1,140,000,000 | 77,151,072 | 771,510,720 | Surplus transferred to capital increase (Note 7) NTD 116,892,960 Employee dividend (Note 7) NTD 5,212,460 | None | None |
| 2002/7 | 10 | 114,000,000 | 1,140,000,000 | 79,079,406 | 790,794,060 | Surplus transferred to capital increase (Note 8) NTD 15,430,210 Employee dividend (Note 8) NTD 1,523,170 Corporate bond transferred to shares NTD 2,329,960 | None | None |
| 2003/7 | 10 | 114,000,000 | 1,140,000,000 | 80,388,017 | 803,880,170 | Surplus transferred to capital increase (Note 9) NTD 11,861,910 Employee dividend (Note 9) NTD 1,224,200 | None | None |

| | | | | | | | | |
|---------|----|-------------|---------------|-------------|---------------|---|------|------|
| 2004/7 | 10 | 114,000,000 | 1,140,000,000 | 81,712,493 | 817,124,930 | Dividends (Note 10) NTD 13,244,760 | None | None |
| 2005/9 | 10 | 114,000,000 | 1,140,000,000 | 82,660,085 | 826,600,850 | Dividends (Note 11) NTD 9,475,920 | None | None |
| 2009/3 | 10 | 114,000,000 | 1,140,000,000 | 82,560,085 | 825,600,850 | Cancellation of treasury stocks and capital reduction NTD 1,000,000 (Note 12) | None | None |
| 2009/4 | 10 | 180,000,000 | 1,800,000,000 | 98,760,085 | 987,600,850 | Capital increase (Note 13) NTD 162,000,000 | None | None |
| 2009/5 | 10 | 180,000,000 | 1,800,000,000 | 107,600,085 | 1,076,000,850 | Capital increase (Note 14) NTD 88,400,000 | None | None |
| 2009/9 | 10 | 180,000,000 | 1,800,000,000 | 113,400,085 | 1,134,000,850 | Capital increase (Note 15) NTD 58,000,000 | None | None |
| 2009/10 | 10 | 180,000,000 | 1,800,000,000 | 119,400,085 | 1,194,000,850 | Capital increase (Note 16) NTD 60,000,000 | None | None |
| 2011/1 | 10 | 180,000,000 | 1,800,000,000 | 125,850,085 | 1,258,500,850 | Capital increase (Note 17) NTD 64,500,000 | None | None |
| 2011/6 | 10 | 180,000,000 | 1,800,000,000 | 134,750,085 | 1,347,500,850 | Capital increase (Note 18) NTD 89,000,000 | None | None |
| 2013/3 | 10 | 180,000,000 | 1,800,000,000 | 147,570,085 | 1,475,700,850 | Capital increase (Note 19) NTD 128,200,000 | None | None |
| 2014/12 | 10 | 180,000,000 | 1,800,000,000 | 110,677,564 | 1,106,775,640 | Capital reduction to make up for losses (Note 20) NTD 368,925,210 | None | None |
| 2017/7 | 10 | 180,000,000 | 1,800,000,000 | 70,602,126 | 706,021,260 | Capital reduction to make up for losses (Note 21) NTD 400,754,380 | None | None |
| 2020/8 | 10 | 180,000,000 | 1,800,000,000 | 17,000,000 | 170,000,000 | Capital reduction to make up for losses (Note 22) NTD 536,021,260 | None | None |
| 2020/10 | 10 | 180,000,000 | 1,800,000,000 | 27,000,000 | 270,000,000 | Capital increase (Note 23) NTD 100,000,000 | None | None |
| 2021/03 | 10 | 180,000,000 | 1,800,000,000 | 37,000,000 | 370,000,000 | Capital increase (Note 24) NTD 100,000,000 | None | None |

Note 1: In July 1990, the company completed a cash capital increase of NTD 152,000,000, which was approved by the Securities and Futures Bureau of the Ministry of Finance in a letter dated April 19, 1990, with reference number (79) TFCSC No. 32364.

Note 2: In March 1993, the company completed a cash capital increase of NTD 50,000,000, which was approved by the Securities and Futures Bureau of the Ministry of Finance in a letter dated October 19, 1991, with reference number (81) TFCSC No. 02732.

Note 3: In May 1997, the company completed a cash capital increase of NTD 49,900,000, which was approved by the Securities and Futures Bureau of the Ministry of Finance in a letter dated April 8 1997, with reference number (86) TFCSC No. 27867.

Note 4 : In July 1998, the surplus was converted into a capital increase of NT\$53,988,000, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated June 22 1998, with reference number (1) TFCSC No. 54402.

Note 5 : In August 1999, the surplus was converted into a capital increase of NT\$70,544,320 and employee dividend of

NT\$2,625,440, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 12 1999, with reference number (88) TFCSC No. 63424.

Note 6 : In August 2000, the surplus was converted into a capital increase of NT\$69,246,930 and employee dividend of NT\$3,100,610, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 5 2000, with reference number (1) TFCSC No. 57886.

Note 7 : In July 2001, the surplus was converted into a capital increase of NT\$116,892,960 and employee dividend of NT\$5,212,460, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated June 28 2001, with reference number (1) TFCSC No. 141241.

Note 8 : In July 2002, the surplus was converted into a capital increase of NT\$15,430,210 and employee dividend of NT\$1,523,170, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 21 2002, with reference TFCSC No. 0910138665.

Note 9 : In July 2003, the surplus was converted into a capital increase of NT\$11,861,910 and employee dividend of NT\$1,224,200 which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 21 2003, with reference TFCSC No. 0920132643.

Note 10 : In July 2003, the surplus was converted into a capital increase of NT\$12,058,210 and employee dividend of NT\$1,186,550 which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 22 2004, with reference TFCSC No. 0930132891.

Note 11 : In September 2005, the surplus was converted into a capital increase of NT\$8,171,250 and employee dividend of NT\$1,304,670 which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 27 2004, with reference TFCSC No. 0940130461.

Note 12 : In March 2009, The application for the cancellation of treasury stock for a reduction of NT\$1,000,000, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated March 6 2009, with reference TFCSC No. 0940130461.

Note 13: In April 2009, the company completed a private capital increase of NT\$ 162,000,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated April 16 2009, with reference No. 09801073940.

Note 14: In May 2009, the company completed a private capital increase of NT\$162,000,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated May 1 2009, with reference No. 09801085180.

Note 15: In September 2009, the company completed a private capital increase of NT\$58,000,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated September 25 2009, with reference No. 09801220610.

Note 16: In October 2009, the company completed a private capital increase of NT\$60,000,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated October 27 2009, with reference No. 09801246990.

Note 17: In January 2011, the company completed a private capital increase of NT\$64,500,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated February 1 2011, with reference No. 10001021760.

Note 18: In June 2011, the company completed a private capital increase of NT\$89,000,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated July 14 2011, with reference No. 10001158630.

Note 19: In March 2013, the company completed a private capital increase of NT\$128,200,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated April 11 2013, with reference No. 10201059440.

Note 20: In December 2014, the company completed a capital reduction to make up for losses of NT\$368,925,210, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated February 26 2015, with reference No. 10401024030.

Note 21: In July 2017, the company completed a capital reduction to make up for losses of NT\$400,754,380, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated August 25 2017, with reference No. 106020227350.

Note 22: In August 2020, the company completed a capital reduction to make up for losses of NT\$536,021,260, which was approved by the Tainan City Government, in a letter dated August 14 2020, with reference No. 10900164210.

Note 23: In October 2020, the company completed a private capital increase of NT\$100,000,000, which was approved by the Tainan City Government, in a letter dated October 26 2020, with reference No. 10900244750.

Note 23: In March 2021, the company completed a private capital increase of NT\$100,000,000, which was approved by the Tainan City Government, in a letter dated March 30 2021, with reference No. 11000051660.

Other:

Note 1: The data should be as of the end of the current fiscal year before the printing of the annual report.

Note 2: The effective (approved) date and reference number should be indicated for the increase in capital.

Note 3: If stocks are issued below par value, it should be marked in a prominent manner.

Note 4: If capital is paid with monetary claims or technology, it should be specified, along with the type and amount of such claims.

Note 5: If it is a private placement, it should be marked in a prominent manner.

Type of shares

April, 14, 2024 ; Unit : Share

| Type of shares | Approved Capital | | | Remarks |
|--|-------------------|----------------|-------------|---------|
| | Stock Outstanding | Unissued stock | Total | |
| Listed common stock (NT\$ 10 per share) | 37,000,000 | 143,000,000 | 180,000,000 | Listed |

The consolidated reporting system for related information : Not Applicable

(2) Shareholder Composition

April 14, 2024

| Shareholder Composition Number | Government agencies | Financial institutions | Other legal entities | Individuals | Foreign institutions and foreign individuals | Total |
|--------------------------------|---------------------|------------------------|----------------------|-------------|--|------------|
| No. of shareholders | - | - | 24 | 5,258 | 11 | 5,293 |
| No. of shares held | - | - | 15,564,430 | 21,090,685 | 344,885 | 37,000,000 |
| Shareholding ratio | - | - | 42.066% | 57.0019% | 0.9321% | 100% |

Note: Primary TWSE and TPEX listed companies and Emerging Stock companies should disclose the shareholding ratio of Mainland Chinese investors. "Mainland Chinese investors" means citizens, legal entities, groups, or other institutions of the Mainland China area, or a company in which the same have invested in a third jurisdiction as provided in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in the Taiwan Area.

(3) Distribution of Shareholding

April 14, 2024; Unit: Share

| Range of no. of shares held | No. of shareholders | Shareholding (shares) | Shareholding (%) |
|-----------------------------|---------------------|-----------------------|------------------|
| 1 to 999 | 4,095 | 838,588 | 2.2665 |
| 1,000 to 5,000 | 942 | 1,826,875 | 4.9375 |
| 5,001 to 10,000 | 82 | 611,314 | 1.6522 |
| 10,001 to 15,000 | 42 | 504,395 | 1.3632 |
| 15,001 to 20,000 | 15 | 271,536 | 0.7338 |
| 20,001 to 30,000 | 29 | 730,332 | 1.9739 |
| 30,001 to 40,000 | 7 | 247,929 | 0.6701 |
| 40,001 to 50,000 | 9 | 402,957 | 1.0891 |
| 50,001 to 100,000 | 22 | 1,809,514 | 4.8906 |
| 100,001 to 200,000 | 21 | 3,254,904 | 8.7970 |
| 200,001 to 400,000 | 18 | 5,327,000 | 14.3973 |
| 400,001 to 600,000 | 2 | 898,584 | 2.4286 |
| 600,001 to 800,000 | 0 | 0 | 0 |
| 800,001 to 1,000,000 | 2 | 1,743,322 | 4.7117 |
| Above 1,000,001 | 7 | 18,532,750 | 50.0885 |
| Total | 5,293 | 37,000,000 | 100 |

(4) Disclosure of Major Shareholders: The names, shareholding amounts, and percentages of shareholders whose shareholding ratios exceed five percent should be disclosed. If there are less than ten such shareholders, the names, shareholding amounts, and percentages of the top ten shareholders by shareholding should be disclosed.

April 14, 2024; Unit: Share

| Major Shareholders Name | Shareholding (shares) | Shareholding (%) |
|--|-----------------------|------------------|
| Ding Hong International Investment CO. Ltd | 8,735,109 shares | 23.60 |
| MingPei Investment CO. Ltd | 2,320,579 shares | 6.27 |
| Hsieh Pi Lien | 2,140,802 shares | 5.78 |
| Horizon Securities Co., Ltd. | 1,800,000 shares | 4.86 |
| Peng Chia International Investment CO. Ltd | 1,286,833 shares | 3.47 |
| Cheng En Tzu | 1,204,427 shares | 3.25 |
| Chiang Chih Chiang | 1,045,000 shares | 2.82 |
| Ko Pa Hsi | 886,073 shares | 2.39 |
| Chang Hsiao Yi | 857,249 shares | 2.31 |
| Liao Hsiu Chen | 497,162 shares | 1.34 |

(5) Stock price, net worth, surplus, dividends and related information per share in the past two years

| Item | Fiscal Year | | 2022 | 2023 | As of April 12, 2024(note 8) |
|-------------------------------|--|----------------------------------|------------|------------|------------------------------|
| | Market price per share (Note 1) | Highest | Lowest | 41.10 | 40.75 |
| | | Average | 26.15 | 27.50 | 30.8 |
| | | | 32.16 | 31.41 | 33.3 |
| Net worth per share (Note 2) | Before distribution | | 13.53 | 12.52 | 13.91 |
| | After distribution | | 13.53 | 12.52 | 13.91 |
| Earnings per share | Weighted average shares | | 37,000,000 | 37,000,000 | 37,000,000 |
| | Earnings per share (Note 3) | Before retroactive | (0.94) | (0.98) | 1.33 |
| | | After retroactive | 0 | 0 | 0 |
| Dividends per share | Cash dividends | | 0 | 0 | 0 |
| | Stock dividends | Dividends from retained earnings | 0 | 0 | 0 |
| | | Dividends from capital reserve | 0 | 0 | 0 |
| | Accumulated undistributed dividends (Note 4) | | 0 | 0 | 0 |
| Return on investment analysis | Price/earnings ratio (Note 5) | | 0 | 0 | 0 |
| | Price/dividend ratio (Note 6) | | 0 | 0 | 0 |
| | Cash dividend yield (Note 7) | | 0 | 0 | 0 |

*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1 : List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2 : Calculate the net worth per share based on the number of outstanding shares at year- end. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3 : If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4 : If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5 : Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6 : Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7 : Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8 : Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

(6). Dividend Policy and Implementation Status :

1、Dividend Policy based on company's Articles of Incorporation:

(1) If the Company makes a profit for the year, it shall allocate no less than one percent for employee compensation, which shall be distributed in the form of stocks or cash at the discretion of the Board of Directors. The Board of Directors may also decide to distribute no more than two percent of the profit to director compensation. The distribution of employee compensation and director compensation shall be reported at the shareholders' meeting. However, if the Company still has accumulated losses, it shall reserve the amount necessary for offsetting the losses and then allocate employee compensation and director compensation in accordance with the above-mentioned proportion.

(2) If our company has profits in the annual financial statements, we will pay taxes in accordance with the law and make up for the accumulated losses. We will then distribute 10% of the profits as the statutory reserve fund, but if the statutory reserve fund has reached the actual paid-in capital of our company, it may not be distributed. Any remaining profits will be distributed in accordance with legal regulations, either by distributing them to the special reserve fund or by distributing them to shareholders as dividends, together with the accumulated undistributed profits, based on a proposal formulated by the board of directors and submitted to the shareholders' meeting for approval.

Our dividend policy is formulated in accordance with our current and future development plans, investment environment, funding needs, domestic and international competitive conditions, and other factors that consider the interests of our shareholders. Each year, we will allocate no less than 50% of distributable profits to distribute dividends to our shareholders. Dividends may be distributed in cash or in the form of shares, with cash dividends accounting for no less than 50% of the total dividend amount.

2、On March 7, 2024, the Board of Directors approved the 2023 loss appropriation, which appropriated NTD 91,840,773 from capital surplus to make up for the accumulated loss of NTD 91,840,773 as of the end of 2023, and proposed not to pay dividends

3、Expected significant change in dividend policy: None.

(7). The impact on the company's operating performance and earnings per share of the proposed free stock distribution at the upcoming shareholder meeting: None.

(8). Employee and Director Remuneration

1. Percentage or scope of employee and director remuneration as stated in the company's Articles of Incorporation:

According to our company's articles of incorporation, the distribution ratio for director compensation and employee bonuses shall not exceed 2% and not be less than 1% of the distributable profits.

2. Basis for estimating the amount of employee and director compensation for the current period, calculation basis for employee compensation distributed in the form of stocks, and accounting treatment in the event of a difference between the estimated and actual amounts: :

Our company's articles of incorporation stipulate the estimated amount for employee bonuses and director compensation. If there is a difference between the actual amount and the estimated amount in the financial report that is approved by the shareholders' meeting, we will adjust the estimated amount according to the accounting estimation change and book it in the year of the shareholders' meeting decision.

3. The form of compensation for directors and employees as approved by the Board of Directors: No employee or director compensation will be distributed for the fiscal year, 2023.

4. The actual distribution of employee and director compensation for the previous fiscal year (including the number of shares, amount, and stock price), any differences from the recognition of employee and director compensation should be stated, and the reasons and treatment methods should be described: Our company did not distribute employee or director compensation for the fiscal year, 2023.

(9).Buyback of Treasury Stock: None

2. Corporate Bonds: None

3. Preferred Shares: None

4. Overseas Depositary Receipts: None

5. Employee Stock Options: None

6. New Restricted Employee Shares: None

7. Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares: None

8. Financing Plans and Implementation :

Plan Contents : For the quarters up to the publication date of the annual report, if any issuance or private placement of securities has not been completed or if its effectiveness has not been evident in the past three years, a detailed explanation should be provided on the content of the aforementioned securities issuance or private placement plan :

Our company passed a resolution to conduct a private placement of securities at the shareholders' meeting held on June 29th, 2020, and the financing plans and implementation for each plan are as follows: :

(1) The first private placement involved the issuance of 10,000,000 shares at a price of NTD 20.1 per share, raising a total of NTD 201,000,000 on October 14, 2020. The execution was completed in the third quarter of 2020.

(2) The second private placement involved the issuance of 10,000,000 shares at a price of NTD 21.5 per share, raising a total of NTD 215,000,000 on March 19, 2021. The information was filed on the reporting website on March 22, 2021.

(1) Status of implementation is as follow, and filed on the reporting website on April 10, 2024:

Unit : NT dollars

| Project | Implementation status | | | |
|--|--|-------------|---------------------|------|
| Repayment of bank's loans | Scheduled use amount | 37,649,000 | Scheduled use ratio | 100% |
| | Actual use amount | 37,649,000 | Actual use ratio | 100% |
| Repayment of shareholders' loans | Scheduled use amount | 80,000,000 | Scheduled use ratio | 100% |
| | Actual use amount | 80,000,000 | Actual use ratio | 100% |
| Replenishment of working capital | Scheduled use amount | 97,351,000 | Scheduled use ratio | 100% |
| | Actual use amount | 85,462,058 | Actual use ratio | 87% |
| Total | Scheduled use amount | 215,000,000 | Scheduled use ratio | 100% |
| | Actual use amount | 203,111,058 | Actual use ratio | 94% |
| Use of unused funds and progress description | The primary use is to increase working capital and expand/improve process equipment. This plan is currently being implemented and is expected to be completed in the fourth quarter of 2024. | | | |

(2) Financial structure Analysis:

Unit : NT\$ thousand

| Subjects / Items | the fourth quarter of 2020 before the fundraising | As of Q1of 2024 | Increase or decrease |
|---|---|-----------------|----------------------|
| Current assets | 145,744 | 224,385 | 78,641 |
| Current liabilities | 406,680 | 479,075 | 72,395 |
| Non-current liabilities | 216,540 | 188,692 | (27,848) |
| Interest expenses | 39% | 27% | -12% |
| Description: | | | |
| 1. The private placement funds will be used to repay loans, ensuring ample liquidity in current assets, with a current ratio maintained at 193% and a debt ratio reduced to 27%. | | | |
| 2.The private placement funds will be allocated towards expanding automated equipment, resulting in a significant increase in non-current assets. This investment will provide a technological and cost advantage for future business expansion, enhancing overall operational performance. | | | |

V. Operations Profile

1. Business Scope

(1) Business Scope

1. The main business activities :

- (1) Manufacturing of electronic components
- (2) Manufacturing of computers and peripheral equipment .
- (3) International trade
- (4) Permitted businesses as well as non-prohibited or restricted businesses in accordance with the law.

2. Business ratio

The FY 2023

| Product | Ratio |
|------------|--------|
| Diode | 69.47% |
| Transistor | 29.51% |
| Other | 1.02% |
| Total | 100% |

3. The current products and the new products which are planned to be developed by the company:

| Product type | Current Product | New products planned to be developed |
|--------------|---|---|
| Diode | <ol style="list-style-type: none"> 1. Schottky Barrier Diodes 2. Ultrafast Recovery Rectifiers 3. Transient Voltage Suppressor 4. Bridge Rectifiers | <ol style="list-style-type: none"> 1. The research on Power MOSFETs (30V~200V) based on the Splitgate structure will be continued in an effort to develop features such as lower Vf and lower power consumption, in order to meet the customers' higher demands in terms of application and energy saving. 2. The research and development of SiC SBD 650V and 1200V products for power components utilizing the new material (Wide band gap) SiC/GaN will be continued. 3. Advanced research and development in the quality and performance of SMD packaging lines. 4. To introduce more TVS product categories to cater for customers' wider range of usage and applications. |
| Transistor | Bipolar Power Transistors | Developing customized power transistors. |

(2) Industry Overview

1. Current status and development of the industry

The current state and the forecast for the next two to three years of Taiwan's semiconductor industry are subject to many external factors, including the U.S.-China technological hegemony race and geopolitical disturbances from the de-Sinicization of the global supply chain. All of these factors will have a significant impact on the global technology industry, especially on the semiconductor industry.

Given the uncertainties in the external environment, it is difficult for traditional electronic products to have significant and stable growth or recovery, especially when these products include smart mobile devices, desktops, and servers. With stagnant corporate investment and private consumption, the industry is expected to face difficulties in sustained development.

The future growth momentum of the semiconductor market will be driven by the stimulation of emerging market applications such as emerging information services, energy saving and environmental protection, and technological integration. In particular, artificial intelligence, new energy, and smart networking will be the main forces for market growth. On the other hand, wireless terminals will be driven by the trend of digitization and intelligence and will be expanding from the traditional product areas toward vertical market applications.

Under the impact of the global political and economic situation and a high degree of competition, Taiwan's semiconductor industry may still need to reserve sufficient flexible resources in the short term to cope with the risk of changes in the external environment, while in the medium-to-long term, it is looking forward to the increasingly stabilized external environment and the technological evolution and integration of traditional electronic products. However, the development of AI in the cloud and the endpoints, the penetration of semiconductors in electric vehicles and autonomous driving, or the trend of promoting the wide band gap semiconductor applications under the demand for energy saving might become an opportunity of

breakthroughs for the semiconductor industry's adding value, expansion and restructuring. As the conflict between the U.S. and China persists, the U.S., Japanese and European semiconductor industries are also facing a high degree of competition in emerging fields, while Southeast Asia and India are also eager to emerge in the semiconductor industry, and it is expected that the global semiconductor supply chain will evolve into an even more complex competitive relationship in the future.

2. The relationship between the upstream, midstream and downstream reaches of the industry

The semiconductor industry is characterized by its capital and technology intensity, high risk and high return. Its structure is based on an interdependent supply chain that encompasses upstream, midstream and downstream industries. The upstream sector includes materials, equipment and design, while the midstream sector is involved in production and manufacturing. The downstream sector, on the other hand, is responsible for packaging and testing, modules, related production processes, inspection equipment and distribution. This industry is focused primarily on hardware manufacturing and production.

The Company is a semiconductor component manufacturer whose production process is vertically integrated, from raw material lapping, polishing, epitaxial growth, wafer manufacturing, and wafer cutting processes to packaging and testing. The industry structure can be broadly categorized into upstream raw materials and equipment, midstream wafer manufacturing and packaging and testing, and downstream applications including communication, information technology, and consumer electronics.

The upstream raw materials for the semiconductor industry are similar to those for general integrated circuits, including wafers/epitaxial wafers, precious metals, non-ferrous metals, aluminum alloys, non-metals, and so on. Among them, while Taiwan can partially meet its own demand for wafers/epitaxial wafers, it relies on imports for precious metals such as gold, silver, platinum, and some non-ferrous metals.

In the midstream sector of semiconductor manufacturing, the main focus is on the production of semiconductor wafers and subsequent packaging and testing. However, during the industry's evolution, many

companies have made adjustments and actively integrated research and development of epitaxial wafers in upstream production.

In terms of downstream applications, they are extremely diverse, including information technology, communication, consumer electronics, aerospace, medical, automotive, and office equipment. As a result, the market is vast, and the prosperity of the downstream information electronics industry directly affects the development prospects of discrete components.

3. Various development trends and competitive situations of our products

Semiconductor is a vital cornerstone of the technology industry. It is a material with conductivity between that of a metal and an insulator. The conductivity of semiconductors can be adjusted by using different materials, and this feature is widely applied in electronics and technology products by using electric currents to process signals. Virtually all modern-day systems, such as cars, power grids, traffic management systems, hospitals, financial institutions, as well as emerging technologies like AI, quantum computing, and self-driving cars, require semiconductor products. Since semiconductors are not only a fundamental technology but also the backbone of modern technology society, almost every technological industry depends on semiconductor products, making them a vital strategic resource.

Most of our transistors and diodes are used in power supplies and rectifiers, and the end-use applications are wide in range, covering automotive, audio, television, computer, communication cell phones, and other consumer electronics products. Due to the growth in demand for LED TVs, the development of special specification transistors has become a market trend. The Company is actively developing high-power special specification products to meet the market trend and enhance product competitiveness, avoiding the fierce competition of general products. The Company's main products are diodes, which account for 60% to 80% of revenue, and the main competitors in the domestic market include PANJIT, Taiwan Semiconductor, etc. To compete with our competitors and given the continuous emergence of the global consumer electronics market, we have continued to expand our global production and manufacturing markets, and have gradually shifted our supply chain from computer applications to home appliances, lighting, servers, and drive power systems for medical device, etc., and have actively entered the automotive market through obtaining the ISO/TS16949 automotive electronics certification.

(3) Technology and R&D Overview

(1) The technical level and research and development of the business

A. business technology level

Our company specializes in the manufacturing of high-power diodes and transistors. Our competitiveness lies in our ability to provide customers with semiconductor components that are characterized by superior features and competitiveness. Since our inception, we have accumulated extensive experience and provided professional training and technical exchanges for our engineers to ensure that each of them possesses keen professional knowledge. Our main technological expertise lies in design, including epitaxial specification design, photomask design, and process design. With good design and stable mature production lines, we can produce competitive products. With over 30 years of experience in the manufacturing of discrete semiconductor transistors and diodes, we have accumulated considerable design and manufacturing experience. As a result, we have the ability to collaborate on the development of new products or customized products to enhance the market competitiveness of our sales.

B. R&D Overview

With a solid and experienced R&D department, the Company continues to invest heavily in the R&D of new products and technologies, and has launched highly competitive products in succession. In order to meet customers' increasingly application demands (e.g., energy saving), we have continued to develop products with low leakage current, low voltage drop, and high withstand voltage for Schottky diodes. As for super fast diodes, we have been developing high-end products with Low Q_{rr} characteristics, and for transistors, we have been working with customers to develop customized products. The Company's goal in the overall planning and layout of R&D is to create higher value-added products in the market, while competitors will find it difficult to enter and follow due to the higher technology entry barrier. Currently, in addition to the continuous development of Power MOSFET products, the Company is also working actively on the development of SiC SBD products to meet the market demand for applications, as well as the SMD packaging automation lines, which are still under constant monitoring and refinement.

1. R&D expenses in the most recent year

Unit: NT\$ thousand

| Item | 2022 | 2023 |
|-----------------------------|--------|--------|
| R&D expenses (A) | 5,098 | 7,934 |
| Net income of operating (B) | 91,870 | 63,079 |
| R&D expenses ratio(A)/(B) | 5.5% | 12.6% |

Resources: Financial reports verified by an accountant and self-reported data by the company.

2. Successfully developed technologies or products

- (1) Our company has successfully developed packaging products for Bridge (GBU, MBS, ABS), SOT, SOD, and TO-277 packages to meet different customer requirements.
- (2) We have improved the performance of TVS (Transient Voltage Suppression) application system protection devices and provide customers with single/dual-directional TVS products.
- (3) Our company has completed the development of Trench-structured Power MOSFET products, mainly applied in the 30V~200V range.
- (4) We have also completed the development of FRED (Fast Recovery Epitaxial Diode) products with Low Qrr/Trr and Soft Recovery requirements, providing customers with more options.
- (5) We have also completed the development of FRED (Fast Recovery Epitaxial Diode) products with Low Qrr/Trr and Soft Recovery requirements, providing customers with more options.
- (6) Silicon carbide SBD 650V and 1200V products.

(4) Long and short-terms sales development plan

A : Short-term sales development plan:

Currently, Mospec's main products are still centered around diode and a minority of transistor. As for the types of diode products on the market, other than a large number of demands for Schottky and FRED, there are also demands for Zenor, LED, TVS, GPP, and so on, despite the fact that Mospec used to focus only on the sales of Schottky and FRED products. In terms of product packaging, it still favors the power field, with TO-3P/S, TO-220/ITO-220 as the main sales, followed by SMA/B/C and axial lead (1A~5A).

Nowadays, in order to meet the market demand for lightweight, thin and compact applications, we are particularly focusing on the development of the SMD product line, which the trial has been completed and is ready to be launched in the market.

Based on the analysis of the DC chart and Package Type of our product line, the main marketing focus will be on consumer electronics products with a power consumption of over 18W, particularly in the Adapter, PC Power, Monitor, LED TV, Motor Driver, and Power Amplifier markets. In the future, we also plan to expand into the high-end automotive electronics market.

1. Develop a Small Signal Package production line that is lightweight, compact and small to expand into the Notebook, Cell phone, Charger, and Network markets. This not only meets the needs of existing market customers but also opens up different consumer markets.
2. Develop SIC and GaN FET/Diode products to meet the needs of the current automotive electronics market.
3. Develop High-Quality SMA/SMB packaging technology for SMD products that meet the requirements of automotive electronics, and combine it with existing customer demands in Schottky, FRED, and TVS to enter the higher-end electronic component market.

B : Long-term sales development plan:

Based on the global market dynamics and the distribution of main products, the following plans are made for the three major markets of Taiwan, mainland China, and exports:

1. Taiwan Market

Expand existing products to Small Signal Package and GaN/SIC FET, in addition to meeting the procurement needs of existing market customers, it can also enter different consumer market customer groups such as servers, notebooks, network communications, and even cell phones.

2.China

From the sales status of semiconductors, the Chinese market has become the world's largest market. The focus of sales promotion is the power supply market customers in the Pearl River Delta region. In the past, the main customers of this market were lost due to price, quality, or business methods. With the reduction of product costs and the reorganization of the market layout, we hope to regain the mainstream market customers.

3.Export Market

At present, the sales are still operated through the agency model. The current agents are long-term cooperative customers. As long as we can continue to adhere to the three requirements of Quality, Cost, and Delivery, we can recover the past stable orders.

2. Market and production and sales overview

(1)Market Analysis

1、Main products' sales area

Unit: NT\$ thousand; %

| Year | | 2023 | | 2022 | |
|----------------------|---------------|--------------|------|--------------|------|
| | | Sales amount | % | Sales amount | % |
| Area | | | | | |
| Domestic sales | | 4,831 | 8% | 11,377 | 12% |
| export | Asia | 57,530 | 91% | 78,219 | 85% |
| | North America | 134 | 0% | 851 | 1% |
| | Other | 584 | 1% | 1,423 | 2% |
| | Total | 58,248 | 92% | 80,493 | 88% |
| Net operating income | | 63,079 | 100% | 91,870 | 100% |

2. Market share

Our company's production process involves a vertically integrated manufacturing process that spans from grinding of the rough wafer at the upstream to the production of the final products such as transistors and diodes. The intermediate products, such as the epitaxial or wafer manufacturing, can be sold as finished products to the industry or sold directly to downstream users through distributors or agents after packaging and testing. Therefore, it is difficult to calculate the total market share of our sales products.

3. Market supply and demand situation and growth in the future

Discrete component are mature products in the semiconductor industry. In recent years, the trend of low-cost information products has been on the rise, making it an urgent task for manufacturers to reduce production costs. Additionally, due to the high cost of labor in Europe and America, foreign manufacturers have gradually reduced the production of discrete components and turned to Taiwanese manufacturers for OEM outsourcing. As a result, the production volume of separation-type components in Taiwan has been on the rise. Overall, in recent years, the supply of rectifier diodes in Taiwan has shown an increasing trend. Moreover, due to the gradual withdrawal of international giants from the market, the global production center may gradually shift to Taiwanese manufacturers. Currently, MOSPEC is also conducting production tests in this direction. Therefore, it is expected that the business of Taiwanese manufacturers producing rectifier diodes will continue to grow in the future.

The range of applications for diodes extends to various electronic products, including PCs, mobile phones, PDAs, digital cameras, power supplies, and other consumer electronics and communications products. As rectifier diodes are indispensable components of all electronic products, with the global economy recovering, the growth of information, communication, and consumer electronics products is expected to continue. Furthermore, with the development of 3C products towards light, thin, short, small, and high-power characteristics, there is a broad space for various high-power rectifier

diodes, thyristors, and other discrete components. With the advantages of excellent product quality and production cost, Taiwanese manufacturers have the opportunity to become the biggest beneficiaries of diode OEM/ODM orders from international companies.

Additionally, when it comes to regional differences, the Asia-Pacific region is the primary market for discrete components, accounting for over 40% of the overall market share and showing a trend of annual growth. The market sizes, in descending order, are the Asia-Pacific region, Japan, Europe, and the United States. According to data, it is estimated that the entire Asian market will continue to hold over 60% of the overall discrete component market, making its strategic position highly significant.

Taiwan is the largest production base for front-end semiconductor processes globally. With the development of the 5G and AI industries, various semiconductor components are expected to experience significant growth. Moreover, in response to global environmental protection policies that prioritize energy conservation and emission reduction, there is an accelerating trend of improving product performance and replacing electronic consumer products at a faster rate, providing an opportunity for electronic component suppliers to reshuffle and integrate their businesses.

Viewing the development trend of the global semiconductor market, the overall economy has been weak since last year, and end demand has been sluggish, mainly due to a series of unfavorable factors, including higher global interest rates, rising geopolitical tensions in the U.S.-China trade, and cyclical downturns, which have led to poor purchasing sentiment in both the corporate and consumer markets, and the end-systems factories and the semiconductor supply chain are facing the impact of excessively high inventory level and insufficient pulling power. As for this year, with the upstream and downstream industries reducing production and stabilizing prices, it is expected to be the main driving force for growth in the global semiconductor market in the second half of the year.

4. Competitive Niche:

(1) Vertical Integration of Production Process

The production process is vertically integrated, from raw material slicing, chamfering, connecting with previous grinding, polishing, epitaxial growth, wafer manufacturing and wafer cutting processes to packaging and testing. This integration effectively integrates the production process of the semiconductor industry upstream and downstream, resulting in good results in terms of supply of raw

materials, reduction of production time, cost reduction and quality improvement.

(2) Professional technical talent and excellent research and development capabilities

Our company's R&D department is staffed with professional technical talent who have extensive experience. At the same time, we continuously invest a significant amount of funds in technological research and development as well as the development of automated production lines. We also integrate and apply advanced international key technologies. In addition, the company actively invests in research and development manpower and resources in the advanced packaging and testing process to develop more profitable products that better meet market demand.

(3) Quality assurance system

Our company has a long-standing commitment to niche products, emphasizing product originality and avoiding intense price competition. We prioritize quality management and have continuously improved employee quality awareness since our establishment. As a result, we have obtained ISO 9001, QS 9000, ISO 14000, and TS16949 certifications for automotive electronics. With our unique products and excellent quality, we have gained the trust of customers, established long-term cooperative relationships, and enhanced our competitiveness. Our comprehensive quality assurance system ensures that we continue to meet and exceed the expectations of our customers.

5. Advantages, Disadvantages and Future Response Measures of Development Prospects:

(1) Advantages

A. Close Sales Channels And Good Market Reputation

Our company has been in production and operation for over 30 years and is highly regarded in various industries. Our brand management has also achieved considerable success, placing us in a leading position. China is the largest market for imported discrete components and is also becoming a key development area for global semiconductor demand. Leveraging our advantage in vertical integration, market niches, and cost considerations, we continue to expand our investment in China's back-end process, actively deploying in the market for discrete components. Our close-knit

distribution channels and strong market reputation have contributed to our success.

B. Well Experience and Innovative R&D Capabilities

Our company boasts a wealth of experience and expertise, coupled with a flexible and innovative R&D capability, constantly developing highly competitive new products in response to customer needs. The scope of applications for discrete components currently spans various markets, such as PC, communications, consumer electronics, and automotive. The company's main niche product is Schottky diodes, which enjoys a brand advantage. Meanwhile, in response to energy-saving and emission reduction requirements, the company is continuously launching market-competitive products to market globally.

C. Complete Automated Production Line And Vertical Integration Capabilities

Our company has a highly automated production line with vertical integration capability, allowing us to produce products with a sufficient depth to meet diverse market demands.

(2) Disadvantages

A. High Product Maturity And Fierce Market Competition

The semiconductor industry has been a part of the technology industry for many years and is a fully competitive market, with price competition between companies making the business even more challenging. Market demand also changes rapidly, putting R&D capabilities to the test. The only way to avoid being eliminated by the market is to strengthen the demand for products. The applicability of products in the market will also affect the operation of the business. In addition, in recent years, fluctuations in raw material prices and supply have occurred due to global trade crises and economic conditions.

B. The Reliance On Imported Advanced Production Equipment

In order to achieve smooth mass production of advanced semiconductor products, in addition to technological research and development, it is also necessary to rely on advanced semiconductor equipment to enter mass production scale. However, in terms of advanced semiconductor equipment, the semiconductor equipment industry in our country has not yet fully developed the capability of supply.

C. China invests in the development of independent semiconductors, posing a competitive threat

The Chinese government has invested heavily in building an independent semiconductor industry chain, not only to escape international restrictions but also to potentially surpass our country's semiconductor industry in some areas. Additionally, they have been luring talents from Taiwan's semiconductor industry to enhance the competitiveness of the Chinese semiconductor industry chain in the international market, creating a competitive threat.

(3) Future Response Measures

The development trends of the semiconductor industry show that besides the rapid advancements in technology, diversified applications are also crucial for related industries. Therefore, for the semiconductor industry at the forefront of technology, enhancing technical capabilities and cross-disciplinary integration are key to facing future industry developments.

To face the economic uncertainty of the semiconductor industry, changes in the supply chain, and the long-term situation of the U.S.-China technological confrontation, the Company has decided to adjust and transform its production and marketing strategies to withstand the impact of the economy and product competition by strengthen its advanced semiconductor packaging and testing production lines through investment in technology and equipment. In other words, to combat market competition by increasing capital expenditure on technology and automation, and to counteract economic impacts by reducing operating expenses to optimize operations and pioneering business development.

The company is actively pursuing the mobile device and automotive electronics markets as its primary objectives in response to market changes. At the same time, research and development efforts are being intensified to enhance differentiation from competitors, increase product value, and incorporate marketing and competitive strategies to meet the rapidly changing market demands, consolidate market position, and maintain competitive advantage. In response to the changes in the international economic climate affecting the production of raw materials, the company has promptly increased its domestic, US, and Korean suppliers to ensure the security of supply and stay abreast of market price fluctuations.

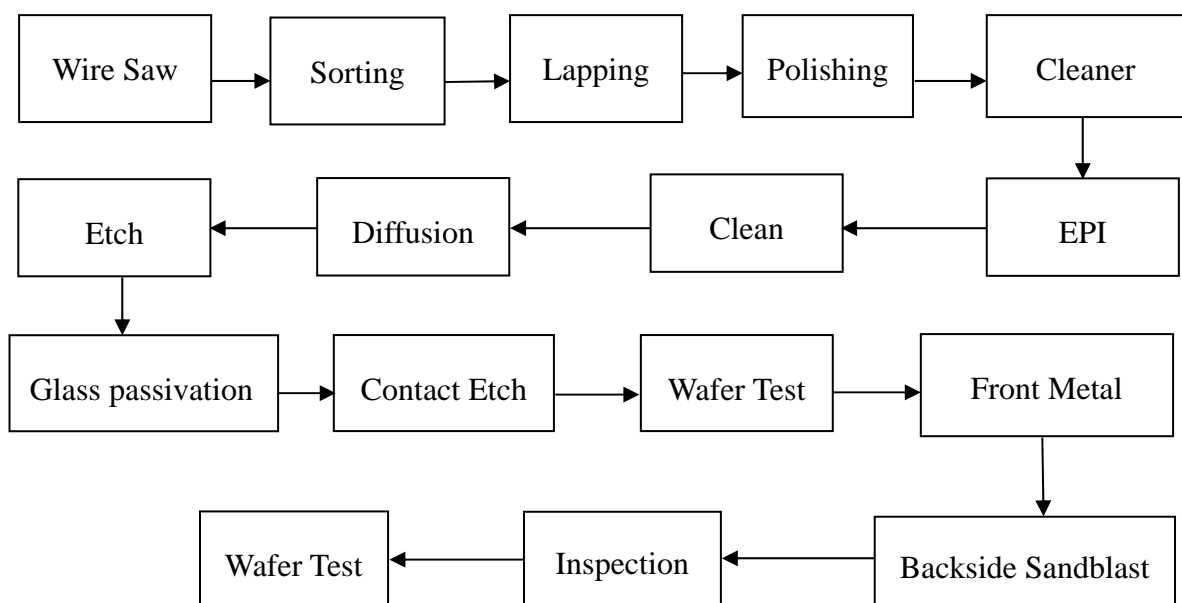
(2) The applications and manufacturing process of our main products:

1. The applications purposed of main products

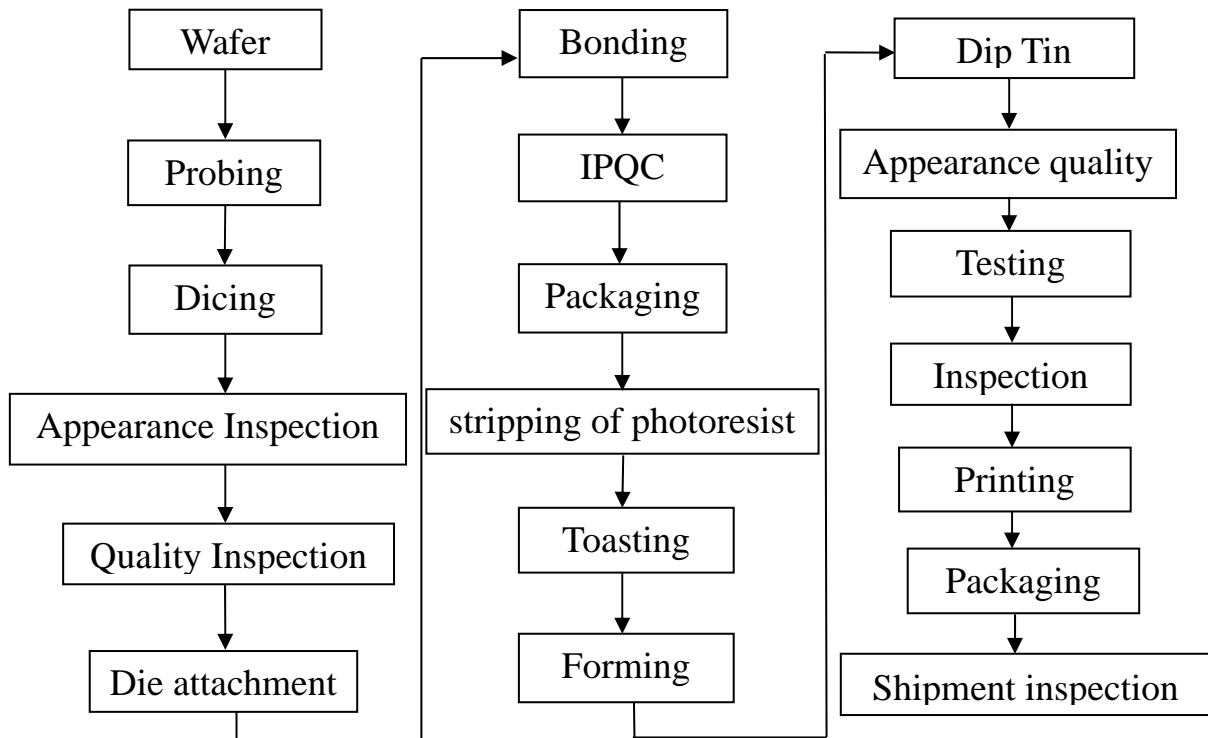
| Main Product Category | The main purpose |
|-------------------------------|--|
| Power Transistor | Televisions, displays, power supplies, car audio systems, car ignition systems, and lighting fixtures, etc. |
| Schottky Barrier Diodes | Switching power supplies, industrial electronic rectifiers, household appliances, personal/notebook computers, and communication mobile phones, etc. |
| Ultra Fast Recovery Rectifier | Switch-mode power supplies, industrial electronic rectifiers, household appliances, and displays, etc. |
| Epitaxial Wafers | The raw materials for wafer fabrication of discrete semiconductor components and integrated circuit components. |
| Polished Prime Wafers | The raw materials for major wafer factories. |
| Transient Voltage Suppressor | Electronic rectifier protectors for cars, power and signal protectors for mobile phones, and protection devices for personal and laptop computers. |
| Bridge Rectifiers | Power rectifier |

2. The manufacturing of main products

(1) Wafer process



(2) Assembly process



(3) Supply status of main materials

The suppliers of our company's main raw materials are well-known domestic and foreign manufacturers with stable supply and good quality.

| Main materials | Location | Status |
|----------------|----------------------|--------|
| Wafer | Domestic and foreign | Normal |
| Base frame | Domestic and foreign | Normal |

(4) Names, sales amount, and percentage of customers whose sales or purchases accounted for more than 10% of the total sales or purchases in any of the past two years.

1. Information on Major Suppliers for the Past Two Years

Unit : NT\$ thousand

| Item | 2022 | | | | 2023 | | | | As of the previous quarter of 2024(Note 2) | | | |
|------|--------------|--------|--|------------------------------|--------------|--------|--|------------------------------|--|--------|---|--------------------------|
| | Name | Amount | Percentage of annual net purchases [%] | Relationship with the issuer | Name | Amount | Percentage of annual net purchases [%] | Relationship with the issuer | Name | Amount | The ratio of net purchases in the current year up to the previous quarter [%] | Relationship with Issuer |
| 1 | X.S. | 35,765 | 55% | None | X.S. | 8,597 | 55% | None | X.S. | 3,056 | 62% | None |
| 2 | S.Y. | 16,705 | 26% | None | H.W. | 2,321 | 15% | None | H.W. | 664 | 13% | None |
| 3 | Others | 12,314 | 19% | None | S.Y. | 2,104 | 13% | None | S.Y. | 564 | 11% | None |
| 4 | | | | | Others | 2,607 | 17% | None | Others | 682 | 14% | None |
| 5 | | | | | | | | | | | | |
| | Net Purchase | 64,784 | 100% | | Net Purchase | 15,629 | 100% | | Net Purchase | 4,966 | 100% | |

Explanation for the change: The company's suppliers have changed due to market demand, product structure development, and procurement prices.
(Note: IFRS has been applied since 2013, and the amounts are for consolidated financial statements.)

Note 1 : List all suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years and the amounts bought from each and the percentage of total procurement accounted for by each. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name

Note 2 : If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

2. Information on Major Customers for the Past Two Years

Unit : NT\$ thousand

| Item | 2022 | | | | 2023 | | | | As of the previous quarter of 2024(Note 2) | | | |
|------|-----------|--------|--------------------------------------|------------------------------|-----------|--------|--------------------------------------|------------------------------|--|--------|---|--------------------------|
| | Name | Amount | Percentage of annual net sales [%] | Relationship with the issuer | Name | Amount | Percentage of annual net sales [%] | Relationship with the issuer | Name | Amount | The ratio of net purchases in the current year up to the previous quarter [%] | Relationship with Issuer |
| 1 | CY | 18,024 | 20% | None | CY | 15,065 | 24% | None | CY | 1,598 | 16% | None |
| 2 | Others | 73,846 | 80% | None | HY | 7,196 | 11% | None | GL | 1,204 | 12% | None |
| | | | | | | | | | SH | 1,078 | 11% | None |
| | | | | | | | | | VE | 942 | 10% | None |
| 3 | | | | | Others | 40,818 | 65% | | Others | 4,965 | 51% | None |
| | Net Sales | 91,870 | 100% | | Net Sales | 63,079 | 100% | | Net Sales | 9,787 | 100% | |

Explanation for the change: The changes were made in response to the changes in market demand, product structure development and procurement prices.
(Note: IFRS has been applied since 2013, and the amounts are for consolidated financial statements.)

Note1: List all customers accounting for 10 percent or more of the Company's total sales amount in the two most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each. If the company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

(5) Production Value for the Past Two years

Unit : value for NT\$ thousand

| Production Value Main product | Year | 2023 | | | 2022 | | |
|----------------------------------|------|---------------------|-------------------|------------------|---------------------|-------------------|------------------|
| | | Production capacity | Production volume | Production value | Production capacity | Production volume | Production value |
| Transistor | | 5,500 | 1,698 | 13,772 | 6,000 | 2,352 | 20,398 |
| Diode | | 70,000 | 9,029 | 34,930 | 75,000 | 13,645 | 39,895 |
| Dies | | 0 | 7 | 8 | 0 | 0 | 0 |
| Other | | 0 | - | 0 | 0 | 0 | 0 |
| Total | | - | - | 48,710 | - | - | 60,293 |

Note 1: The unit of quantity for transistors, diodes, and dies is thousand pieces (KPCS).

Note 2: Production capacity refers to the quantity that the company can produce under normal operation using existing production equipment, after necessary adjustments for shutdowns, holidays, and other factors.

Note 3: If there is substitutability among the production of different products, the production capacity can be combined for calculation, with accompanying explanations provided.

(6) Sales Value for the Past Two Year

Unit: sales for NT\$ thousand

| Production Value Main product | Year | 2023 | | | | 2022 | | | |
|----------------------------------|------|----------------|-------|---------------|--------|----------------|--------|---------------|--------|
| | | Domestic sales | | Foreign sales | | Domestic sales | | Foreign sales | |
| | | Volume | value | Volume | value | Volume | value | Volume | value |
| Transistor | | 330 | 3,606 | 1,449 | 15,005 | 847 | 8,618 | 1,602 | 17,158 |
| Diode | | 250 | 1,007 | 10,046 | 42,828 | 754 | 2,738 | 16,048 | 61,929 |
| Dies | | 0 | 0 | 633 | 629 | 0 | 0 | 566 | 1,336 |
| Other | | - | 0 | 1 | 4 | - | 21 | 1 | 70 |
| Total | | - | 4,613 | - | 58,466 | - | 11,377 | - | 80,493 |

Note 1: The unit of quantity for transistors, diodes, and dies is thousand pieces (KPCS).

Note 2: Sales volume is not aggregated due to the different units of quantity for each product and category.

Note 3: "Silicon wafers" under "Other" represent revenue from the sale of semi-finished products and raw materials.

3. Employee Statistics

| Fiscal Year | | End of year 2022 | End of year 2023 | March 31, 2024 |
|---|-----------------------------|---------------------|---------------------|-------------------|
| Number of employees | Managers and engineers | 17 | 17 | 17 |
| | operators | 2 | 2 | 2 |
| | Sales Management | 8 | 7 | 7 |
| | Total | 27 | 26 | 26 |
| Average age | | 49.6 | 50.92 | 51.17 |
| Average years of service | | 22.4 | 23.27 | 23.52 |
| Education distribution percentage | Ph. D | 0 | 0 | 0 |
| | Master's degree | 3.7 | 3.8 | 3.8 |
| | College | 81.5 | 80.8 | 80.8 |
| | Senior high school | 14.8 | 15.4 | 15.4 |
| | Below senior high school | 0 | 0 | 0 |

4. Environmental Expenditure Information

1. The company has installed recycling equipment to recycle some of the process wastewater and reuse it in secondary water areas to reduce the use of water resources.
2. The company has an environmental and safety office with specialized personnel responsible for environmental management. They regularly manage air and water pollution, waste disposal, maintenance planning, occupational safety and health, safety and health promotion, health examination planning, and operation environment testing.
3. Our company has long been committed to effective energy-saving activities and management to reduce greenhouse gas emissions. Through the implementation of energy-saving activities and management plans, we have successfully reduced our greenhouse gas emissions. The related energy-saving and emission-reduction activities and management plans are as follows:
 - (1) Operation and management of air compressors and chiller units

- (2) Nighttime energy use management
- (3) Switching to LED light tubes for lighting fixtures
- (4) Changing emergency exit lights to LED lights
- (5) Dosing control of water chiller to enhance heat exchange efficiency
- (6) Building a 400KW solar power generation system on the roof.

5. Labor Relations

- (1) Current important labor-management agreements and implementation status

Employee Welfare Measures

In addition to providing a competitive salary for new and existing employees, the company also provides promotion and salary increases based on annual performance evaluations. At the end of each year, the company provides bonuses, performance bonuses, and holiday bonuses based on the operating situation. In addition to these, the company has other welfare measures, which are mainly explained as follows:

Holidays system: Besides national holidays, we also provide annual vacation periods, family care leave, maternity leave (with normal pay) for female colleagues during childbirth.

Insurance system: All employees participate in labor insurance, national health insurance, and group accident insurance. In the group accident insurance, all employees enjoy a basic guarantee of NT\$ 1.5 million for free.

Subsidies: Marriage subsidies, condolence subsidies, and child education subsidies for employees.

- (2) Losses Suffered Due To Labor Disputes In The Past Year and as of the Date of Publication of the Annual Report: None.

6. Information Security Management:

Other Important Risks and Response Measures:

1. Specify the framework for information security risk management, information security policies, concrete management plans, and the resources invested in information security management.

- (1) Information Security Risk Management structure:

Although our company has not yet established a cross-departmental information security committee, the management department and IT staff are currently responsible for information security-related matters.

(2) Information Security Policy

1. Regularly take inventory of information assets and personal data, and conduct risk management based on information security and personal data risk assessments, implementing various control measures.
2. Conduct periodic information security and personal data protection education and training, and promote awareness. New employees must sign a confidentiality agreement regarding information security.
3. Outsourced vendors must sign a confidentiality agreement to ensure that those who use the information services provided by our company or perform related information business have the responsibility and obligation to protect the information assets acquired or used by our company, to prevent unauthorized access, unauthorized modification, destruction, or improper disclosure.
4. Proper backup and redundancy mechanisms have been established for important information systems or equipment to maintain their availability.
5. Personal computers are installed with antivirus software and regularly confirm updates to virus codes, and the use of unauthorized software is prohibited.
6. Periodically review colleagues' accounts and permissions and require colleagues to change passwords regularly.
7. Conduct internal audits regularly each year to ensure the effectiveness of the information security and personal data protection management system.

(3) Specific Management Plan and Resources for Investing in Information Security Management

The inspection and control operations for information security and personal data protection are listed as annual audit items, and the audit unit conducts at least one audit per year. The company conducts

self-inspection operations based on the internal control system each year, summarizes the effectiveness of the internal control implementation, submits it to the board of directors for review and confirmation, and issues an internal control statement based on the evaluation results.

2. Provide a detailed account of losses suffered and potential impacts due to significant information security incidents during the latest fiscal year and up to the date of the annual report publication. If it is not possible to make a reasonable estimate, please explain the reasons for such inability. Additionally, please describe the measures taken in response to such incidents: None

7. Important Contracts:

| Contract Type | Party | Contract Start and Ending Dates | Main Content | Restrictions |
|------------------|-------|---------------------------------|--------------|--------------|
| Foundry Contract | E.T. | 2023.07.01~2025.06.30 | OEM | - |

VI. Financial Profile

1. Condensed Balance Sheet , Income Statement and Audit opinion of Accountant in the Past Five Years

(1) Consolidated Informantion

1. Condensed Balance Sheet

Unit: NT\$ thousand

| Year | | Financial Information in the Past 5 Fiscal Years (Note1) | | | | | The Financial Information as of March 31, 2024(Note 3) |
|---|---------------------|--|----------|----------|----------|-----------|--|
| | | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Current assets | | 166,672 | 210,773 | 205,496 | 145,744 | 136,098 | 224,385 |
| Property, Plant and Equipment (Note2) | | 417,500 | 373,749 | 391,925 | 394,864 | 498,416 | 410,001 |
| Intangible assets | | - | - | 693 | 1,526 | 2,358 | - |
| Other assets (Note 2) | | 65,970 | 94,346 | 55,428 | 10,290 | 17,653 | 69,074 |
| Total assets | | 650,142 | 678,868 | 653,542 | 552,424 | 654,525 | 703,460 |
| Current liabilities | Before distribution | 105,896 | 105,772 | 62,013 | 68,106 | 215,785 | 116,557 |
| | After distribution | 105,896 | 105,772 | 62,013 | 68,106 | 215,785 | 116,557 |
| Non-Current liabilities | | 80,913 | 72,498 | 61,132 | 148,434 | 304,391 | 72,135 |
| Total liabilities | Before distribution | 186,809 | 178,270 | 123,145 | 216,540 | 520,176 | 188,692 |
| | After distribution | 186,809 | 178,270 | 123,145 | 216,540 | 520,176 | 188,692 |
| Equity attributable to owners of the parent company | | 463,333 | 500,598 | 530,397 | 335,884 | 134,349 | 514,768 |
| Capital | | 370,000 | 370,000 | 370,000 | 270,000 | 706,021 | 370,000 |
| Capital reserve | | 193,260 | 193,260 | 193,260 | 101,000 | - | 193,260 |
| Retained earnings | Before distribution | (91,841) | (55,532) | (20,577) | (24,474) | (558,762) | (42,558) |
| | After distribution | (91,841) | (55,532) | (20,577) | (24,474) | (558,762) | (42,558) |
| Other equity | | (8,086) | (7,130) | (12,286) | (10,642) | (12,910) | (5,934) |
| Treasury shares | | - | - | - | - | - | - |
| Non-controlling interests | | - | - | - | - | - | - |
| Total equity | Before distribution | 463,333 | 500,598 | 530,397 | 335,884 | 134,349 | 514,768 |
| | After distribution | 463,333 | 500,598 | 530,397 | 335,884 | 134,349 | 514,768 |

* A company that has compiled parent company only financial statements shall also compile parent company only condensed balance sheets and statements of comprehensive income for the most recent 5 fiscal years.

* A company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If the company that has conducted any asset revaluation in a fiscal year, it shall state the date of the asset revaluation and the amount of the revaluation increment.

Note 3: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 4: For the "after distribution" figures above, please fill in the amounts based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 5: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

2. Condensed Statement of Comprehensive Income

Unit: NT\$ thousand
(Unit for earnings per share is NT\$)

| Item \ Year | Financial Information in the Past 5 Fiscal Years (Note1) | | | | | The Financial Information as of March 31, 2024(Note 3) |
|---|--|----------|----------|----------|-----------|--|
| | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Operating Revenue | 63,079 | 91,870 | 135,366 | 133,723 | 165,229 | 9,787 |
| Gross Profit | 4,890 | (12,852) | 25,199 | 10,828 | (161,723) | (261) |
| Operating income | (49,716) | (72,668) | (25,649) | (68,275) | (234,858) | (13,405) |
| Non-operating income and expenses | 13,407 | 37,713 | 6,727 | 63,369 | (3,316) | 62,688 |
| Profit Before Income Tax | (36,309) | (34,955) | (18,922) | (4,906) | (238,174) | 49,283 |
| Net income for the period from continuing operations | (36,309) | (34,955) | (18,843) | (6,266) | (239,481) | 49,283 |
| Loss from discontinued operations | - | - | - | - | - | - |
| Net income (loss) for the period | (36,309) | (34,955) | (18,843) | (6,266) | (239,481) | 49,283 |
| Other comprehensive income, net of tax | (956) | 5,156 | (1,644) | 6,801 | (11,194) | 2,152 |
| Total comprehensive income | (37,265) | (29,799) | (20,487) | 535 | (250,675) | 51,435 |
| Net income attributable to stockholders of the parent | (36,309) | (34,955) | (18,843) | (6,266) | (239,481) | 49,283 |
| Net income attributable to non-controlling interests | - | - | - | - | - | - |
| Total comprehensive income attributable to stockholders of the parent | (37,265) | (29,799) | (20,487) | 535 | (250,675) | 51,435 |
| Total comprehensive income attributable to non-controlling interests | - | - | - | - | - | - |
| Earnings per share | (0.98) | (0.94) | (0.54) | (0.33) | (14.09) | 1.33 |

* A company that has compiled parent company only financial statements shall also compile parent company only condensed balance sheets and statements of comprehensive income for the most recent 5 fiscal years.

* A company that has adopted the International Financial Reporting Standards for its financial information
Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: For loss from discontinued operations, the net amount after deduction of income tax shall be stated.

Note 4: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be given specifying the specific circumstances and reasons.

(2) Individual information :

1. Condensed Balance Sheet—Enterprise Accounting Standards of the R.O.C.

Unit: NT\$ thousand

| Item | Year | Financial Information in the Past 5 Fiscal Years (Note 1) | | | | | Year ended March 31, 2024 Financial Information (Note 3) |
|---|---------------------|--|----------|----------|----------|-----------|--|
| | | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Current assets | | 191,409 | 187,980 | 135,410 | 105,169 | 143,582 | Not applicable |
| Property, plant and equipment (Note 2) | | 306,978 | 282,769 | 295,102 | 308,076 | 323,416 | |
| Intangible assets | | - | - | 693 | 1,526 | 2,358 | |
| Other assets (Note 2) | | 89,575 | 145,032 | 172,214 | 123,960 | 81,958 | |
| Total assets | | 587,962 | 615,781 | 603,419 | 538,731 | 551,314 | |
| Current liabilities | Before distribution | 43,716 | 42,685 | 11,890 | 54,413 | 112,574 | |
| | After distribution | 43,716 | 42,685 | 11,890 | 54,413 | 112,574 | |
| Non-current liabilities | | 80,913 | 72,498 | 61,132 | 148,434 | 304,391 | |
| Total liabilities | Before distribution | 124,629 | 115,183 | 73,022 | 202,847 | 416,965 | |
| | After distribution | 124,629 | 115,183 | 73,022 | 202,847 | 416,965 | |
| Interests attributable to parent company owner | | - | - | - | - | - | |
| Capital | | 370,000 | 370,000 | 370,000 | 270,000 | 706,021 | |
| Capital reserve | | 193,260 | 193,260 | 193,260 | 101,000 | - | |
| Retained earnings | Before distribution | (91,841) | (55,532) | (20,577) | (24,474) | (558,762) | |
| | After distribution | (91,841) | (55,532) | (20,577) | (24,474) | (558,762) | |
| Other interests | | (8,086) | (7,130) | (12,286) | (10,642) | (12,910) | |
| Treasury stock | | - | - | - | - | - | |
| Non-controlling interests | | - | - | - | - | - | |
| Total Equity | Before distribution | 463,333 | 500,598 | 530,397 | 335,884 | 134,349 | |
| | After distribution | 463,333 | 500,598 | 530,397 | 335,884 | 134,349 | |

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If the company that has conducted any asset revaluation in a fiscal year, it shall state the date of the asset revaluation and the amount of the revaluation increment.

Note 3: For the “after distribution” figures above, please fill in the amounts based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 4: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

2. Condensed Comprehensive Income Statement—Enterprise Accounting Standards of the R.O.C.

Unit: NT\$ thousand
(Unit for earnings per share is NT\$)

| Year Item | Financial Information in the Past 5 Fiscal Years (Note1) | | | | | Year ended March 31, 2024 Financial Information (Note2) |
|---|--|----------|----------|----------|-----------|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Operating Revenue | 30,696 | 47,651 | 98,679 | 83,376 | 143,748 | Not applicable |
| Gross Profit | 6,691 | 4,088 | (16,092) | 24,145 | (98,182) | |
| Operating income | (31,350) | (36,540) | (49,395) | (31,560) | (135,319) | |
| Non-operating income and expenses | (4,959) | 1,585 | 30,473 | 26,654 | (102,855) | |
| Net income (net loss) before tax | (36,309) | (34,955) | (18,922) | (4,906) | (238,174) | |
| Income or loss from continuing operations | (36,309) | (34,955) | (18,843) | (6,266) | (239,481) | |
| Income or loss from discontinued operations | - | - | - | - | - | |
| Net income (loss) for the period | (36,309) | (34,955) | (18,843) | (6,266) | (239,481) | |
| Other comprehensive income or loss for the period | (956) | 5,156 | (1,644) | 6,801 | (11,194) | |
| Total comprehensive income or loss for the period | (37,265) | (29,799) | (20,487) | 535 | (250,675) | |

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: For income or loss from continuing operations and income or loss from discontinued operations, the net amount after deduction of income tax shall be stated.

Note 3: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

(3). Audit opinion of Accountant in the Past Five Years

| Year | Accountant | Audit(Review)Opinion |
|-----------------|---|---|
| 2019 Q1 – Q3 | Deloitte & Touche Accounting Firm Accountants Yang Chao Chi, Liao Hung Ju | Unqualified Conclusion Review Report |
| 2019 Q4 | Ernst & Young Accounting Firm Accountants Chen Cheng Chu, Li Fang Wen (Note 1) | Unqualified Audit Report |
| 2020 | Ernst & Young Accounting Firm Accountants Chen Cheng Chu, Li Fang Wen | Unqualified Audit Report |
| 2021 | Ernst & Young Accounting Firm Accountants Li Fang Wen, Chiou Wan Ru | Unqualified Audit Report |
| 2022 | Ernst & Young Accounting Firm Accountants Li Fang Wen, Chiou Wan Ru | Unqualified Audit Report |
| 2023 | Ernst & Young Accounting Firm Accountants Li Fang Wen, Chiou Wan Ru | Unqualified Audit Report |

Note 1: To meet the operational and internal management needs of the company, the signing accountant has been changed to Accountants Chen Cheng Chu and Li Fang Wen from Ernst & Young United Accounting Firm. °

2. Financial Information in the Past 5 Years

(1) Financial Analysis - IFRS

| Year (Note 1) | | Financial Information in the Past 5 Years | | | | | As of March 31, 2024 (Note 2) |
|-------------------------|---|---|----------|----------|----------|----------|------------------------------------|
| | | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Item (Note 3) | | | | | | | |
| Financial structure (%) | Debt to assets ratio | 29 | 26 | 19 | 39 | 80 | 27 |
| | Ratio of long-term capital to property, plant and equipment | 130 | 153 | 151 | 123 | 61 | 143 |
| Solvency% | Current ratio | 157 | 199 | 331 | 214 | 39 | 193 |
| | Quick ratio | 150 | 175 | 278 | 186 | 27 | 185 |
| | Times interest earned | (570) | (1,351) | (2,070) | 27 | (3,826) | 3,532 |
| Operating performance | Accounts receivable turnover (times) | 3.45 | 3.91 | 3.88 | 3.13 | 2.68 | 1.09 |
| | Average collection days | 106 | 93 | 94 | 117 | 136 | 335 |
| | Inventory turnover (times) | 3.56 | 3.66 | 4.41 | 4.08 | 3.48 | 1.27 |
| | Accounts payable turnover (times) | 18.09 | 11.35 | 6.03 | 4.84 | 11.23 | 3.62 |
| | Average days in sales | 102 | 100 | 83 | 90 | 105 | 287 |
| | Property, plant and equipment turnover (times) | 0.16 | 0.24 | 0.34 | 0.3 | 0.32 | 0.03 |
| | Total asset turnover (times) | 0.09 | 0.14 | 0.22 | 0.22 | 0.22 | 0.01 |
| Profitability | Return on total assets (%) | (4.81) | (4.96) | (3.01) | (0.15) | (30.76) | 7.35 |
| | Return on equity (%) | (7.53) | (6.78) | (4.35) | (2.67) | (92.22) | 9.84 |
| | Ratio of income before tax to paid-in capital(%) (Note7) | (9.81) | (9.45) | (5.11) | (1.82) | (33.73) | 13.32 |
| | Net profit margin (%) | (57.56) | (38.05) | (13.92) | (4.69) | (144.94) | 503.56 |
| | Earnings per share (loss) (NT\$) | (0.98) | (0.94) | (0.54) | (0.33) | (14.09) | 1.33 |
| Cash flow | Cash flow ratio (%) | (17.84) | (49.12) | (7.29) | (208.68) | (22.03) | 2.08 |
| | Cash flow adequacy ratio (%) | (285.54) | (242.99) | (165.94) | (181.27) | (36.55) | (210.50) |
| | Cash reinvestment ratio (%) | (1.16) | (2.75) | (0.24) | (7.63) | (4.35) | 0.14 |
| Leverage | Operating leverage | 0.57 | 0.70 | 0.17 | 0.59 | 0.86 | 0.45 |
| | Financial leverage | 0.90 | 0.97 | 0.97 | 0.91 | 0.97 | 0.90 |

Please explain the reasons for changes in financial ratios over the past two years. (Analysis can be exempted if the change is less than 20%)

1. The decrease in inventories was due to the decrease in orders during the period, and the decrease in current ratio was due to the adjustment of current and non-current tax credits according to their nature.
2. The decrease in interest coverage ratio was due to the increase in long-term loans compared with the previous period and the valuation benefits of the previous period's foreign investment at fair value.
3. The increase in turnover rate of accounts payable was because of the decrease in purchase of raw materials for production due to the decline in revenue, and the decrease in costs due to inventory elimination.
4. The decrease in turnover rate of property, plant and equipment and the total asset turnover was due to the decline in revenue and the purchase of machinery and equipment as a result of the market downturn during the period.
5. The increase in net loss ratio was due to the decrease in revenue as a result of the market downturn and the increase in the valuation benefits of the previous period's foreign investment at fair value.
6. The decrease in cash flow and cash reinvestment ratios was due to the decrease in purchase of raw materials for production due to the decline in revenue, the elimination of inventories, and the increase in interest expense on borrowings

* If the company prepares individual financial statements, it should also prepare a financial ratio analysis of the company.

* A Company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2) Average collection days = 365 / accounts receivable turnover.

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

(5) Average days in sales = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

(1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.

(2) Return on equity = net income after tax / average total equity.

(3) Net profit margin = net income after tax / net sales.

(4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income (Note 6).

(2) Financial leverage = operating income / (operating income - interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.

2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.

3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditures refers to the annual cash outflow used in capital investment.

3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.

4. Cash dividends include the cash dividends of common stock and preferred stock.

5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT\$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet. ◦

(2) Financial Analysis - Enterprise Accounting Standards of
the R.O.C.

| Year (Note 1) Item (Note3) | | Financial Information in the Past 5 Years | | | | | Year ended March 31, 2024 Financial Information (Note2) |
|-----------------------------------|---|---|---------|---------|--------|----------|--|
| | | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Financial structure (%) | Debt to assets ratio | 21 | 19 | 12 | 38 | 76 | Not applicable |
| | Ratio of long-term capital to property, plant and equipment | 177 | 203 | 200 | 157 | 94 | |
| Solvency% | Current ratio | 438 | 440 | 1,139 | 194 | 58 | |
| | Quick ratio | 423 | 424 | 1,056 | 92 | 26 | |
| | Times interest earned | (2,372) | (4,695) | (2,367) | 27 | (3,826) | |
| Operating performance | Accounts receivable turnover (times) | 7.09 | 6.84 | 7.13 | 2.26 | 2.98 | |
| | Average collection days | 52 | 53 | 51 | 162 | 123 | |
| | Inventory turnover (times) | 3.85 | 5.56 | 3.57 | 0.92 | 2.17 | |
| | Accounts payable turnover (times) | 900.85 | 51.06 | 25.18 | 3.35 | 8.83 | |
| | Average days in sales | 95 | 66 | 102 | 397 | 168 | |
| | Property, plant and equipment turnover (times) | 0.1 | 0.16 | 0.33 | 0.26 | 0.43 | |
| | Total asset turnover (times) | 0.05 | 0.08 | 0.17 | 0.15 | 0.22 | |
| Profitability | Return on total assets (%) | (5.83) | (5.63) | (3.19) | (0.13) | (23.10) | |
| | Return on equity (%) | (7.53) | (6.78) | (4.35) | (2.67) | (92.22) | |
| | Ratio of income before tax to paid-in capital%(Note7) | (9.81) | (9.45) | (5.11) | (1.82) | (33.73) | |
| | Net profit margin (%) | (118.29) | (73.36) | (19.10) | (7.52) | (166.60) | |
| | Earnings per share (loss) (NT\$) | (0.98) | (0.94) | (0.54) | (0.33) | (14.09) | |
| Cash flow | Cash flow ratio (%) | - | - | - | - | - | |
| | Cash flow adequacy ratio (%) | - | - | 464.66 | 166.04 | 61.96 | |
| | Cash reinvestment ratio (%) | - | - | - | - | - | |
| Leverage | Operating leverage | 0.62 | 0.67 | 0.72 | 0.59 | 0.86 | |
| | Financial leverage | 0.96 | 0.98 | 0.98 | 0.82 | 0.96 | |

Please explain the reasons for changes in financial ratios over the past two years. (Analysis can be exempted if the change is less than 20%).

1. The decrease in interest coverage ratio was due to the increase in long-term loans compared with the previous period and the valuation benefits of the previous period's foreign investment at fair value.
2. The decrease in inventory turnover and the increase in turnover rate of accounts payable and days sales outstanding was because of the decrease in purchase of raw materials for production due to the decline in revenue, and the decrease in costs due to inventory elimination.
3. The decrease in turnover rate of property, plant and equipment and the total asset turnover was due to the decline in revenue and the purchase of machinery and equipment during the period.
4. The increase in net loss ratio was due to the decrease in revenue as a result of the market downturn and the increase in the valuation benefits of the previous period's foreign investment at fair value.

* If the company prepares individual financial statements, it should also prepare a financial ratio analysis of the company.

* A Company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

- Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.
- Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.
- Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:
1. Financial structure
 - (1) Debt to assets ratio = total liabilities / total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
 2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
 - (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
 3. Operating performance
 - (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
 - (2) Average collection days = 365 / accounts receivable turnover.
 - (3) Inventory turnover = cost of goods sold / average inventory.
 - (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
 - (5) Average days in sales = 365 / inventory turnover.
 - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
 - (7) Total asset turnover = net sales / average total assets.
 4. Profitability
 - (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
 - (2) Return on equity = net income after tax / average total equity.
 - (3) Net profit margin = net income after tax / net sales.
 - (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)
 5. Cash flow
 - (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
 - (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
 6. Leverage:
 - (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).
 - (2) Financial leverage = operating income / (operating income – interest expenses).
- Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:
1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
 2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
 3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
 4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.
- Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
 2. Capital expenditures refers to the annual cash outflow used in capital investment.
 3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
 4. Cash dividends include the cash dividends of common stock and preferred stock.
 5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.
- Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.
- Note 7: If the Company's shares have no par value or the par value per share is not NT\$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet. °

3 、 Audit Committee Review Report



MOSPEC SEMICONDUCTOR CORP.

Audit Committee Review Report

The board of directors has prepared the business report, financial statements (including individual and consolidated financial statements), and deficit compensation statements for the company's fiscal year 2023. The financial statements (including individual and consolidated financial statements) have been audited by Ernst & Young Certified Public Accountants, including accountants Li Fang Wen and Chiou Wan Ru, who have issued an audit report. After review by our audit committee, there are no discrepancies found. Therefore, in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we report and request for your verification.

Sincerely,

Shareholding's meeting for the fiscal year 2024

MOSPEC SEMICONDUCTOR CORP.

Convener of the Audit Committee:

Hou Rong Xian

2024, 03, 07

- 4. Financial Report in the past year** : Attachment 1 for detail
- 5. Last Individual Financial Statements of the company audited and certified by CPAs** : Attachment 2 for detail

- 6.If the Company and Its Affiliates Encounter Any Financial Difficulties in the Past Year and as of the Date of Publication of the Annual Report, the Impact on the Company's Financial Status Shall Be Listed** : None

VII. Review of Financial Conditions, Operating Results, and Risk Management

1. Financial Status :

Financial Status Analysis and Comparison Form

Unit : NT\$ thousand

| Item \ Year | 2023 | 2022 | Difference | |
|------------------------------|----------|----------|------------|---------|
| | | | Amount | % |
| Current assets | 166,672 | 210,773 | (44,101) | (20.92) |
| Fixed assets | 417,500 | 373,749 | 43,751 | 11.71 |
| Other assets | 65,970 | 94,346 | (28,376) | (30.08) |
| Total assets | 650,142 | 678,868 | (28,726) | (4.23) |
| Current liabilities | 105,896 | 105,772 | 124 | 0.12 |
| Long-term liabilities | 28,100 | 15,875 | 12,225 | 77.01 |
| Other liabilities | 52,813 | 56,623 | (3,810) | (6.73) |
| Total liabilities | 186,809 | 178,270 | 8,539 | 4.79 |
| Capital | 370,000 | 370,000 | 0 | 0 |
| Capital reserve | 193,260 | 193,260 | 0 | 0 |
| Retained earnings | (91,841) | (55,532) | (36,309) | 65.38 |
| Other interests | (8,086) | (7,130) | (956) | 13.41 |
| Total equity of shareholders | 463,333 | 500,598 | (37,265) | (7.44) |

Description :

1. Changes in current assets and other assets during the period were mainly because of the decrease in inventories due to the decrease in orders as a result of the market downturn, and the transfer of certain prepayments for equipment to fixed assets upon completion of the inspection and acceptance.
2. The increase in long-term liabilities during the period was mainly due to long-term loans for the construction of automation production lines.
3. The decrease in retained earnings for the period was mainly due to operating losses.

2. Financial Performance :

Financial Performance Analysis and Comparison Form

Unit : NT\$ thousand

| Item \ Year | 2023 | 2022 | increase(decrease) amount | Exchange Ratio% |
|--|----------|----------|------------------------------|--------------------|
| Net Operating Revenue | 63,079 | 91,870 | (28,791) | -31% |
| Operating costs | 58,189 | 104,722 | (46,533) | -44% |
| Operating margin (loss) | 4,890 | (12,852) | 17,742 | 138% |
| Operating expenses | 54,606 | 59,816 | (5,210) | -9% |
| Other income and loss | - | - | - | - |
| Operating net loss | (49,716) | (72,668) | 22,952 | -32% |
| Non-operating income and expenses | 13,407 | 37,713 | (24,306) | -64% |
| Net income(loss) before tax of continuing business | (36,309) | (34,955) | (1,354) | 4% |
| Income tax expense (benefit) | - | - | - | - |
| Net income(loss) after tax of continuing business | (36,309) | (34,955) | (1,354) | 4% |

Analysis of changes in ratios:

1. The decrease in operating revenue for the period was mainly due to the adjustments in the Company's business strategies and the weakening of the overall market.
2. The reasons for the changes in operating costs and gross profit for the period were mainly due to the elimination of inventories and adjustments to sales and order-taking strategies.
3. The decrease in non-operating revenue and expenses for the current period was mainly due to the investment in the emerging stock market at fair value in the previous period.

3 · Cash Flow Review and Analysis Form

Analysis of Liquidity risk in past 2 years

| Item \ Year | 2023 | 2022 | increase(decrease) ratio |
|---|-----------|-----------|-----------------------------|
| Cash flow ratio | (17.84%) | (49.12%) | 64% |
| Cash flow adequacy ratio (based in past 5 years) | (285.54%) | (242.99%) | -18% |
| Cash reinvestment ratio | (1.16%) | (2.75%) | 58% |

Analysis of changes in ratios:

The increase in cash flow and cash reinvestment ratios was due to the decrease in purchase of raw materials for production due to the decline in revenue, the elimination of inventories, and the increase in interest expense on borrowings.

Cash liquidity analysis for the coming year

Unit: NT\$ thousand

| Opening cash balance | Estimated Annual Net Cash Flow From Operating Activities | Estimated Annual Cash Outflow | Estimated Cash Surplus (Deficiency) Amount | Remedial Measures For Projected Cash Shortfalls | |
|--|--|-------------------------------|--|---|----------------|
| | | | | Investment Plan | Financing Plan |
| 27,268 | 9,600 | (50,000) | (13,132) | - | (13,132) |
| Analysis of cash flow changes in the coming year: <ol style="list-style-type: none"> 1. The annual cash outflow is mainly working capital, equipment purchase expenses and repayment of due loans. 2. If there is a cash shortage, financing from financial institutions will be used. | | | | | |

4. Impact of Major Capital Expenditure in the Past Year on the Financial Status: There is no major capital expenditure in the past year.

5. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year: There is no re-investment plan in the past year.

6. Analysis and Assessment of Risk Issues

(1) The impact of interest rate, exchange rate changes, and inflation on the company's profit and loss and future response measures:

1. The impact of interest rate on the company's profit and loss and future response measures

Due to changes in the international financial environment caused by geopolitical conflicts, governments hike the interest rate to curb inflation, therefore the Company's interest expenses incurred on financing are still reasonable and the impact on finance and profit and loss is not significant. However, an increase in medium- and long-term capital utilization will be adopted in response to changes in interest rates.

2. The impact of exchange rate changes on the company's profit and loss and future response measures

Due to the rise of international protectionism caused by trade frictions and the recent fluctuation of exchange rates due to the

increase in US interest rates, the appreciation of the US dollar and the Chinese yuan have impacted the company's exchange gains and losses. The company will respond by adjusting its market operations, including trading, purchasing, and sales, as well as being flexible in adjusting its quoted currency.

3. The impact of inflation on the company's profit and loss and future response measures

The main impact of inflation on the company is on employee salaries and raw material costs. The company will adjust prices based on market supply and demand, and adjust financial scheduling and planning based on the international financial environment to quickly respond and control costs to avoid risks. We hope to minimize the impact of inflation on the company.

(2) The main reason for doing high-risk, high-leverage investments, lending funds to others, endorsement guarantees or derivative trading policy for profit and loss and future response measures:

Our company did not engage in any high-risk, high-leverage investments, or derivative trading during the fiscal year 2023.

As for lending funds to others or endorsing guarantees, the company has established a sound operational management system to regulate these activities, with a focus on transferring 100% of the investments to subsidiary companies.

(3) Future R&D plans and estimated R&D expenses:

1. R&D plans

- (1) The research on Power MOSFETs (30V~200V) based on the Splitgate structure will be continued in an effort to develop features such as lower V_f and lower power consumption, in order to meet the customers' higher demands in terms of application and energy saving.
- (2) The research and development of SiC SBD 650V and 1200V products for power components utilizing the new material (Wide band gap) SiC/GaN will be continued.
- (3) Advanced research and development in the quality and performance of SMD packaging lines.
- (4) To introduce more TVS product categories to cater for customers' wider range of usage and applications.

2. R&D expenses invested: NT\$ 10,000 thousand

- (4) The impact of major policy and legal changes at home and abroad on the company's financial business and future response measures:

Regarding the changes in Taiwan, Korea, and China's policies to support the semiconductor industry in recent years, Taiwan and Korea have been supporting or increasing subsidy measures resulting in a subsidy race. On the other hand, China's policy on the semiconductor industry is affected by the short-term economy and finances dragged by the unsealing of the epidemic, which has led to the rumor of a temporary suspension of the subsidy program. Moreover, the U.S. continues to insist on the control of China's semiconductor industry which may cause China's semiconductor industry to fall into a state of suspended animation in the short term.

The US's semiconductor-related bills and the CHIP4 alliance initiative demonstrate the country's desire for stronger support from the semiconductor industry under the influence of geopolitics. This also suggests that Taiwan's semiconductor industry may face more restrictions in the mainland China market, which could have an impact on the global layout planning.

In the past two years, global inflation, rising geopolitical risks, interest rate hikes by central banks, and the technological development policy of de-Sinicization have changed the domestic and international industrial and financial environments. The Company will take a prudent and conservative approach in adjusting the overall production and sales to prepare for the impact of possible changes in policies and laws faced by parent and subsidiaries.

- (5) The impact of technological and industry changes on the company's financial business and future response measures:

Semiconductor industry technology is advancing at a rapid pace, and the structure of the industry continues to change. Most key countries around the world are focusing on "digital technology" and "sustainable technology," utilizing digital technology to enhance the supply chain's resilience and create a new economic model, as well as developing clean energy and low-carbon technologies, which using sustainable technology to realize green cycle ecosystem.

Our company continuously invests in R&D, focusing on independent technology research and development. This includes efficiency improvement, chip and product applications, the development of cost-effective new processes and materials, to cope with market conditions and timely and appropriate expansion of scale to improve economic efficiency.

- (6) The impact of corporate image changes on the enterprise crisis management and response measures:

Since our company's listing on the centralized market, we have felt a greater sense of responsibility to society. As such, we are committed to strictly implementing corporate governance and internal audit systems, in order to prevent potential corporate crises. We are also enhancing the crisis management capabilities of our management team through education and training, to mitigate the risk of crises and fulfill our corporate social responsibility.

- (7) Expected benefits, possible risks and response measures of mergers and acquisitions: Not applicable
- (8) Expected benefits of plant expansion, possible risks and response measures: There is no plant expansion plan in the current year.
- (9) Risks and response measures faced by concentration of purchase or sales:

Regarding procurement, in order to avoid the risk of over-concentration and potential shortages or interruptions, our company maintains a long-term and positive relationship with at least two primary suppliers of raw materials. This strategy not only ensures a stable supply, but also enables us to obtain fair prices within a competitive market.

Regarding sales, our company adopts a vertical integration approach in both upstream and downstream operations. With a wide range of product offerings and diversified sales combinations, we adjust our production lines according to market changes, which effectively avoids the risks associated with concentrated sales.

- (10) Directors or major shareholders holding more than 10% of the shares, the impact, risks and response measures of a large number of transfers or replacements of equity on the company: None.
- (11) The impact, risks and response measures of the change of management rights on the company: None.
- (12) In the event of litigation or non-litigation, the company must disclose significant lawsuits, non-lawsuit, or administrative disputes that have been definitively adjudicated or are still pending involving the company, directors, general manager, substantial shareholders holding more than 10% of the shares, and subsidiary companies. The results of such events may have a significant impact on shareholder equity or securities prices: None.

(13) Other important risks and response measures: None.

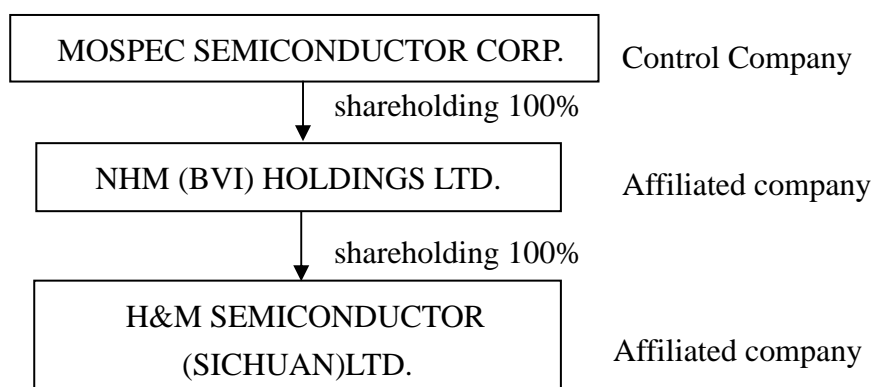
7. Other important matters: None

VIII. Special Notes

1. Information about the company's Affiliates

(1) Affiliated business Consolidated Business Report

1. MOSPEC SEMICONDUCTOR CORP Affiliated Business Organization Chart



2. The name, date of establishment, address, paid-in capital and main business items of the affiliated enterprise:

| Company Name | Establishment Date | Address | Paid-in capital | Main business or production items |
|----------------------------------|--------------------|---|---------------------|--|
| NHM (BVI) HOLDINGS LTD. | 2013.07 | Quastishy Building P.O.Box 4389, Road Town, Tortola, British Virgin Islands. | USD \$15,542,142.26 | Investment and share holding |
| H&M SEMICONDUCTOR (SICHUAN) LTD. | 2011.12 | Photovoltaic Industrial Park, Economic Development Zone, Suining City, Sichuan Province | USD \$10,000,000 | Manufacture and sales of new electronic components and trading of solar cell chips |

3. The industries covered by the business operations of the overall related enterprises

- (1) The industry covered by the business of the affiliated enterprise: refer to the above item.
- (2) The business operations of related enterprises are related to each other, and the division of labor between them : H&M SEMICONDUCTOR (SICHUAN)LTD. entrust MOSPEC SEMICONDUCTOR CORP. to process raw materials and semi-finished products, and then sell the finished products to the market.

4. Information about each affiliates company's directors and corporate representative:

Unit: Share ; %

| Company Name | Title | Name or representative | Shareholding | |
|---------------------------------|--------------------------|------------------------|--------------|------|
| | | | Shares | % |
| NHM (BVI) HOLDINGS LTD. | Directions | Tarnng Bennet Yun | 10,804,742 | 100% |
| H&M SEMICONDUCTOR (SICHUAN)LTD. | corporate representative | Weng Shu Zhen | 10,000,000 | 100% |

5. Operations Profile of each affiliates company

Unit: NT\$ thousand

| Company Name | Capital | Total assets | Total liabilities | Net income | Operating Revenue | Operating profit(loss) | Net income(loss), net of tax |
|---------------------------------|---------|--------------|-------------------|------------|-------------------|------------------------|------------------------------|
| NHM (BVI) HOLDINGS LTD. | 466,874 | 79,527 | - | 79,527 | - | - | (24,034) |
| H&M SEMICONDUCTOR (SICHUAN)LTD. | 296,190 | 195,786 | 146,384 | 49,402 | 55,767 | (18,366) | (23,470) |

(2) Affiliates business consolidated finance report and relation report(please refer to the audited financial statements before reading)

In the year 2023, in accordance with the "Guidelines for the Preparation of Business Reports, Financial Statements of Related Enterprises and Related Reports for Related Enterprise " that require the preparation of financial statements for related enterprise, the companies that should be included in the preparation of financial statements for related enterprise are the same as those that should be included in the preparation of consolidated financial statements for parent and subsidiary companies in accordance with Financial Accounting Standard Bulletin No. 7. Furthermore, the relevant information that should be disclosed in the financial statements for related enterprise has already been disclosed in the aforementioned consolidated financial statements for parent and subsidiary companies, and therefore, there is no need to prepare separate financial statements for related enterprise mergers.

- 2. The company should disclose information regarding the issuance of privately placed securities in the Past Year and as of the Date of Publication of the Annual Report. This should include the date of approval by the shareholder meeting or board of directors, the amount and pricing basis, the selection criteria for the specific parties involved, the rationale for conducting the private placement, and the progress of the capital utilization plan after the funds have been collected. The company should also disclose information on the utilization of the funds from the private placement and the progress of the implementation of the plan:**

- (1) Private Securities

On May 8, 2020, the 12th board of directors of our company passed a resolution regarding the private placement of common shares. This was subsequently approved by the shareholders' meeting on June 29, 2020. The details are as follows:

1. Regarding the private placement of common stock to enhance operational capital, the company plans to issue 20,000,000 shares of common stock. In accordance with Article 43-6 of the Securities and Exchange Act and the "Matters to Be Noted for Public Companies Conducting Private Placements of Securities," the following matters should be explained:

1. Pricing basis and rationale for private placement:

- (1) Pricing method basis: In accordance with the "Precautions for Publicly Issued Companies Conducting Private Placement of Securities," the closing price of common stock is calculated for one, three, or five business days prior to the pricing date, and the simple arithmetic average of the closing prices of common stock for the 30 business days prior to the pricing date is calculated, deducting the ex-rights and ex-dividend prices of the bonus shares, and adding back the stock price after the reduction of capital and the ex-rights prices. The higher of the two benchmark prices is used as the reference price for this private placement.

- (2) The actual issuance price is based on no less than 80% of the reference price as the basis for setting the private placement price. The actual pricing date and the actual private placement price will be submitted to the shareholders' meeting for authorization by the board of directors within the range of the resolution percentage. The board will determine the specific individuals to negotiate based on

the market conditions.

(3) If the issuance price of common shares in this private placement is lower than the face value due to the pricing method described above, the reasons and rationale for this shall be explained as follows: the company considers the difficulty of raising funds in the capital market and therefore has not adopted other debt financing methods. However, if this results in a lower issuance price than the face value due to the above pricing method, it should be considered reasonable. If a loss occurs due to the difference between the actual private placement price and the face value, it should not have a significant impact on shareholder equity, as the funds raised from the private placement of common shares will be used to raise operational funds and improve the company's financial structure. If the company incurs accumulated losses due to the above reasons, it will be handled by means of reducing capital, using retained earnings, capital reserves, or other legally prescribed methods, depending on the company's operations and market conditions, while also taking into account the interests of existing shareholders.

(4) The pricing method for the private placement of common stocks in this instance is based on relevant regulations of the competent authority, and has been determined after taking into consideration factors such as the operating conditions and future prospects of the Company, as well as the reference price on the pricing date. Thus, the pricing method should be considered reasonable.

2. The selection criteria for specific individuals and insiders:

(1) The selection criteria for specific individuals and insiders for this private placement of common shares are in accordance with relevant regulations, such as Article 43-6 of the Securities and Exchange Act and the "Notice for Publicly Listed Companies to Conduct Private Placement of Securities."

(2) The selection of investors should be based on their ability to assist the company in strengthening its production and sales structure and expanding its business, and should be limited to specific individuals and insiders who meet the relevant regulatory requirements. The purpose of the selection is to expand and enhance the company's future business operations. °

3. Necessary reasons for private securities:

(1) Reasons for not opting for public offering: In order to strengthen our

financial structure, we have taken into account the difficulty in obtaining capital from the actual fundraising market, as well as the timeliness, convenience, and cost of issuing, hence the flexibility and agility offered by private placement is conducive to the future development of our business. Therefore, it is necessary for us to carry out the cash capital increase and new share issuance through private placement.

- (2) Private placement quota: Within the limit of 20,000,000 shares, the private placement will be conducted in two installments within one year from the resolution date of the shareholders' meeting. The actual fundraising amount will be determined by the board of directors based on the market conditions at that time, the actual needs of the company, and the situation of specific persons.

The first private placement is expected to be used to increase operational capital to meet the needs of business growth, improve financial structure, and enhance the company's net worth.

The second private placement is expected to be used to increase operational capital to enhance market competitiveness, expand revenue, and strengthen the overall financial structure.

- (3) The purpose and expected benefits of this private placement cash capital increase and issuance of new shares are as follows:

The main use of the funds raised through this private placement is to enhance operational capital and expand business operations, with the expected benefits being the improvement of financial structure and the increase of operational efficiency, thereby creating business profits.

- 4、After the private placement of this capital reduction, there are no significant changes in the company's shareholder structure in comparison to the selected specific persons and subscribers. Therefore, there are no concerns regarding changes in management control.
2. The rights and obligations of the privately placed common shares are generally the same as those of the common shares already issued by the Company. However, in accordance with securities trading regulations, the privately placed common shares of the Company may not be traded within three years from the delivery date, except for transfer to qualified transferees under Article 43-8 of the Securities and Exchange Act. After the expiration of the three-year period from the delivery date of the

privately placed common shares, the Board of Directors is authorized to decide whether to obtain the approval letter from the competent authority for meeting the listing standards and apply to the Financial Supervisory Commission for the public issuance process and listing.

3. The main content of this private placement plan, in addition to the pricing ratio, includes the issuance price, number of shares issued, amount of issuance, project plan, progress in fund utilization, expected benefits, and other matters not yet covered. If there are any revisions due to regulatory changes or objective environmental changes in the future, the Board of Directors will be authorized to handle them with full authority at a shareholders' meeting.

4. Does the independent director have any objections or reservations: None.

(2) The first round of fundraising and issuance of securities has been fully completed in the fourth quarter of 2020.

(3) The detailed information on the second offering and issuance of securities is as follows:

| Item | Second offering of private place of common stock in 2020 Issued Date : March 30, 2021 |
|--|--|
| Types of Private Equity Securities | Common Stock |
| Shareholders' meeting approval date and amount | The resolution of the shareholders' meeting on June 29, 2020 approved the issuance of up to 20,000,000 common shares. |
| Basis and Reasonability of Price Setting | <p>On March 11, 2021, the Board of Directors set the pricing date: The price was based on 80% of the higher of the following two criteria:</p> <p>A. the simple arithmetic average of the closing prices of the ordinary shares on one of the previous one, three, or five business days prior to the pricing date, excluding any ex-rights or ex-dividend adjustments, and adding back the stock price after capital reduction and ex-rights adjustments, which were NT\$ 26.00, NT\$26.07, and NT\$ 26.10, respectively.</p> <p>B. the simple arithmetic average of the closing prices of the ordinary shares for the previous 30 business days, plus the stock price after capital reduction and ex-rights adjustments, which was NT\$26.61.</p> <p>Based on the above calculation, the reference price for this private placement was NT\$ 26.61, which was the simple arithmetic average of the closing prices of the ordinary shares for the previous 30 business days. The proposed price for this private placement was NT\$ 21.50, which was 80.80% of the reference price and met the requirement of being no less than 80% of the reference price, so it was considered reasonable.</p> |

| | | | | | |
|--|---|----------------------|--|---|---|
| Choose particular person | The private placement of securities is conducted in accordance with the relevant regulations and guidelines, including Article 43-6 of the Securities and Exchange Act, the letter issued by the former Ministry of Finance Securities and Futures Bureau on June 13, 2002, Ref. (91)the Securities and Futures Bureau's letter (1)-Zi No. 0910003455, and the amended "Matters to Be Observed by Public Companies in Conducting Private Placements of Securities" issued by the Financial Supervisory Commission on December 30, 2014, Ref. No. Jin-Guan-Zheng-Fa-Zi No. 1030051453. | | | | |
| Necessary reasons for private securities | Considering the difficulty in grasping the actual fundraising market conditions, as well as the timeliness, convenience, and issuance costs of capital raising, private placement can achieve flexibility and agility in fundraising, which is conducive to the future operation and development of the company. Therefore, it is necessary to conduct a cash capital increase and issue new shares through private placement. | | | | |
| Payment completion date | March 19, 2021 | | | | |
| Applicant information | Private placement object | Eligibility (Note 6) | Subscription quantity (thousand share) | Related to the company | Participation in the Company's Operations |
| | MingPei Investment CO. Ltd | Paragraph 3 | 1,200 | Our company corporate representative, Hsieh Pi Lien is our director | Member of the Board of Directors |
| | Yen Yung Sen | Paragraph 3 | 100 | Our manager | Our manager |
| | Ding Hong International Investment CO. Ltd | Paragraph 2 | 3,740 | Related-party | Member of the Board of Directors |
| | Chiang Chih Chiang | Paragraph 2 | 525 | None | None |
| | Lin Wen Hih | Paragraph 2 | 150 | None | None |
| | Huang Yu Shih | Paragraph 2 | 250 | None | None |
| | Cheng En Tzu | Paragraph 2 | 1,000 | None | None |
| | Chen Chun Wen | Paragraph 2 | 150 | None | None |
| | Ma Jui Lung | Paragraph 2 | 250 | None | None |
| | Peng Tzu Hou | Paragraph 2 | 100 | None | None |
| | Chang Pu Jen | Paragraph 2 | 200 | None | None |
| | Chiang Chih Liang | Paragraph 2 | 150 | None | None |
| | Kuo Ming Kun | Paragraph 2 | 50 | None | None |
| | Chan Cheng Jen | Paragraph 2 | 50 | None | None |
| | Chang Chien Fan | Paragraph 2 | 200 | None | None |
| | Liao Hsiu Chen | Paragraph 2 | 100 | None | None |
| | Chen Li Chun | Paragraph 2 | 150 | None | None |
| | Chiu Han Cheng | Paragraph 2 | 150 | None | None |
| | Hsu TungSheng | Paragraph 2 | 50 | None | None |
| | Wang Hui Ying | Paragraph 2 | 50 | None | None |
| Liu Chiang Kai | Paragraph 2 | 30 | None | None | |

| | | | | | |
|---|---|-----------------------------|-------------|-------------------|------|
| | Wu Nien Yi | Paragraph 2 | 30 | None | None |
| | Li Hsi Wei | Paragraph 2 | 100 | None | None |
| | Ko Mei Ju | Paragraph 2 | 100 | None | None |
| | Tseng Mi Mi | Paragraph 2 | 75 | None | None |
| | Chen Chih Liang | Paragraph 2 | 20 | None | None |
| | Hsiao Chang Chih | Paragraph 2 | 10 | None | None |
| | Ko Yin Te | Paragraph 2 | 200 | None | None |
| | Ko Chi Lin | Paragraph 2 | 100 | None | None |
| | Chen Yin Lin | Paragraph 2 | 100 | None | None |
| | Ho Su Chen | Paragraph 2 | 300 | None | None |
| | Yuan Kuo Ting | Paragraph 2 | 100 | None | None |
| | Yang Jung Fu | Paragraph 2 | 100 | None | None |
| | Wu Chia Hsien | Paragraph 2 | 100 | None | None |
| | Hsu Mei Man | Paragraph 2 | 20 | None | None |
| Actual subscription price | NT\$ 21.50 per share | | | | |
| Difference between actual subscription (or conversion) price and reference price (Note 7) | The price per share of this private placement is based on a reference price of NT\$26.61, which is the simple arithmetic average of common stock closing prices calculated on the basis of the average price for the 30 business days prior to the pricing date, and the proposed price of this private placement is NT\$21.50 (the price of this private placement is 80.80% of the reference price, which meets the requirement that the price of this private placement shall not be less than 80% of the reference price based on). | | | | |
| The impact of private placement on shareholders' rights and interests | The funds raised from this private placement of common stocks will be used to raise operational capital and improve the company's financial structure. Moreover, as there is a three-year transfer restriction and corresponding qualification restrictions on private placements of securities under the Securities and Exchange Act, it is unlikely to have a significant impact on shareholder rights. | | | | |
| Use of private equity funds and plan implementation status | Use of funds | Application situation(NT\$) | | Status | |
| | Repay loans | Actual use amount | 117,649,000 | Actual use amount | 100% |
| | Enhance working capital | Scheduled use amount | 97,351,000 | Actual use amount | 87% |
| | The main purpose is to enhance working capital and expand/improve process equipment. It is currently being planned and is expected to be completed by the end of this year. | | | | |
| Benefits of private placements | By achieving the goal of enhancing operational capital and improving financial structure, the company will be able to complete the upgrade of its manufacturing equipment in the latter half of expected this year, which is expected to boost its operational performance. | | | | |

Note 1: The number of fields depends on the actual number of private placements. If there are multiple private placements, they should be listed separately.

Note 2: Private securities to be listed include common shares, preferred shares, convertible preferred shares, shares with attached warrants, corporate bonds, convertible bonds, bonds with attached warrants, overseas convertible bonds, overseas depository receipts, and employee stock options.

Note 3: For private corporate bonds that do not require shareholder approval, the date and amount approved by the board

of directors should be listed.

Note 4: For ongoing private placement cases, if subscribers have been identified, their names or identities and their relationship with the company should be specified.

Note 5: The number of fields depends on the actual number of subscribers and the types of securities issued.

Note 6: This field is for filling in the first, second, or third subparagraph of Paragraph 1 of Article 43-6 of the Securities and Exchange Act.

Note 7: The actual subscription (or conversion) price refers to the subscription (or conversion) price set when the private securities were actually issued.

3. Holding or Disposal of the Company's Shares by Affiliates in the Past Year and as of the Date of Publication of the Annual Report: None.

4. Other necessary supplementary explanations: None

IX. Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner's Equity as Stipulated in Item 3, Paragraph 2 of Article 36 of the Securities Exchange Law: None.

Stock Code: 2434

Mospec Semiconductor Corp. & Subsidiaries
Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report

Address:No. 76, Zhongshan Rd., Xinshi Dist., Tainan City

Telephone:(06)599-1621

Consolidated Financial Statements

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Representation Letter

The entities that are required to be included in the combined financial statements of Mospec Semiconductor Corp. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Mospec Semiconductor Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Mospec Semiconductor Corp.

by

WONG,SHU-JHEN

Person in Charge

March 7, 2024

Independent Auditors' Report

The Board of Directors and Shareholders

Mospec Semiconductor Corp.

Opinion

We have audited the accompanying consolidated financial statements of Mospec Semiconductor Corporation and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of the December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations(SIC) endorsed and issued into effort by the Financial Supervisory Commission of the ROC.

Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our reports. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC and we are fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have identified the following key audit matters to be communicated in the audit report:

Inventory Evaluation

As of December 31, 2023, the net inventory value of Mospec Semiconductor Corporation and its subsidiaries amounted to NT\$ 7,084,000, accounting for 1% of the total consolidated assets. The aforementioned inventory is measured at the lower of cost or net realizable value, involving significant accounting estimates and judgments by management. Given the material impact of inventory carrying values on the overall consolidated financial statements, we have deemed this a key audit matter.

Our audit procedures include (but are not limited to) assessing the appropriateness of inventory valuation accounting policies; conducting physical observations of inventory counts to confirm the quantity and condition of inventory; testing the accuracy of inventory aging and analyzing the appropriateness of allowances for slow-moving and obsolete inventory; evaluating management's analysis and assessment of slow-moving and obsolete inventory, including the possibility of inventory realization and the estimation of net realizable value; and testing the adequacy of the allowance amounts for reducing inventory value to net realizable value. We also considered the appropriateness of inventory disclosures in Notes 5 and 6 of the consolidated financial statements.

Revenue Recognition

Mospec Semiconductor Corporation and its subsidiaries primarily derive their revenue from the manufacturing and sale of diode and transistor products. Due to the need for judgment in determining performance obligations and their fulfillment timing based on the content of orders and customary business practices, we have deemed this a key audit matter.

Our audit procedures include (but are not limited to) assessing the appropriateness of revenue recognition accounting policies, understanding and testing the effectiveness of management's internal controls established for revenue recognition; performing analytical procedures on gross profit margins; selecting samples for transaction detail testing and reviewing significant terms and conditions in contracts; conducting cut-off testing and subsequent reviews to ensure that revenue is recognized in the correct period. Additionally, we also considered the appropriateness of operation revenue disclosures in Notes 4 and 6 of the financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management's responsibility is to prepare consolidated financial statements that fairly present the financial position in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the ROC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express the opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters of the Group that were of most significance in the audit of the consolidated financial statements of the fiscal year 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We have also audited the parent company only financial statements of Mospec Semiconductor Corporation and its subsidiaries as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

For and on behalf of Ernst & Young Global Limited, Taiwan
The competent authority approves the public issuance of the
company's financial report
Approved-certified No.:Jin-Guan-Certificate No. 1010045851
No.:Jin-Guan-Certificate No. 1040030902

Accountant: Li, Feng-Wen
Qiu, Wan-Ru

March 7, 2024

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Mospec Semiconductor Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
As of December 31, 2023 and 2022

Unit: NT\$: thousands

| ASSETS | | | December 31, 2023 | | December 31, 2022 | | LIABILITIES AND EQUITY | | | December 31, 2023 | | December 31, 2022 | |
|--------|---|---------------|-------------------|-----|-------------------|-----|------------------------|--|------------|-------------------|------|-------------------|-----|
| Code | Account Item | Note | Amount | % | Amount | % | Code | Account Item | Note | Amount | % | Amount | % |
| | CURRENT ASSETS | | | | | | | CURRENT LIABILITIES | | | | | |
| 1100 | Cash and cash equivalents | 4 and 6.1 | \$27,268 | 4 | \$17,605 | 2 | 2100 | Short-term loans | 6.10 | \$85,260 | 13 | \$85,264 | 12 |
| 1110 | Financial assets at fair value through profit or loss | 4 and 6.2 | 51,661 | 8 | 52,084 | 8 | 2130 | Contract Liabilities - Current | | 124 | 0 | - | 0 |
| 1150 | Notes receivable, net | 4 and 6.3, 16 | 1,437 | 0 | 115 | 0 | 2170 | Accounts payable | | 2,812 | 1 | 3,622 | 1 |
| 1170 | Accounts receivable, net | 4 and 6.4, 16 | 16,068 | 3 | 18,913 | 3 | 2200 | Other accounts payable | | 7,979 | 1 | 11,429 | 2 |
| 1200 | Other accounts receivable, net | 7 | 857 | 0 | 1,061 | 0 | 2322 | Current portion of long-term liabilities | 4 and 6.11 | 8,600 | 1 | 4,014 | 1 |
| 1220 | Current tax assets | | 289 | 0 | 81 | 0 | 2360 | Net defined benefit liability | 4 and 6.12 | 1,016 | 0 | 1,069 | 0 |
| 130x | Inventories | 4 and 6.5 | 7,084 | 1 | 25,572 | 4 | 2399 | Other current liabilities | | 105 | 0 | 374 | 0 |
| 1476 | Other current financial assets | 8 | 55,269 | 9 | 55,278 | 8 | 21xx | Total current liabilities | | 105,896 | 16 | 105,772 | 16 |
| 1479 | Other current assets | 4 and 6.6 | 6,739 | 1 | 40,064 | 6 | | NON-CURRENT LIABILITIES | | | | | |
| 11xx | Total current assets | | 166,672 | 26 | 210,773 | 31 | 2540 | Long-term loans | 6.11 and 7 | 28,100 | 5 | 15,875 | 2 |
| | NON-CURRENT ASSETS | | | | | | 2550 | Non-current provisions | 4 and 6.13 | 6,601 | 1 | 10,411 | 1 |
| 1600 | Property, plant and equipment | 4 and 6.7 | 417,500 | 64 | 373,749 | 55 | 2570 | Deferred tax liabilities | 4 and 6.21 | 46,212 | 7 | 46,212 | 7 |
| 1755 | Right-of-use assets | 4 and 6.17 | 3,172 | 0 | 3,300 | 0 | 25xx | Total non-current liabilities | | 80,913 | 13 | 72,498 | 10 |
| 1840 | Deferred income tax assets | 4 and 6.21 | 3,410 | 1 | 3,410 | 1 | | Total liabilities | | 186,809 | 29 | 178,270 | 26 |
| 1900 | Other non-current assets | 6.9 and 8 | 59,388 | 9 | 87,636 | 13 | 2xxx | | | | | | |
| 15xx | Total non-current assets | | 483,470 | 74 | 468,095 | 69 | | EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT | | | | | |
| | | | | | | | 3100 | Capital stock | 6.14 | | | | |
| | | | | | | | 3110 | Capital - common stock | | 370,000 | 57 | 370,000 | 55 |
| | | | | | | | 3200 | Capital surplus | 6.14 | 193,260 | 29 | 193,260 | 28 |
| | | | | | | | 3300 | Retained earnings | 6.14 | - | - | - | - |
| | | | | | | | 3350 | Accumulated deficit | | (91,841) | (14) | (55,532) | (8) |
| | | | | | | | | Total retained earnings | | (91,841) | (14) | (55,532) | (8) |
| | | | | | | | 3400 | Other equity interest | | (8,086) | (1) | (7,130) | (1) |
| | | | | | | | 31xx | Total equity attributable to owners of parent | | 463,333 | 71 | 500,598 | 74 |
| | | | | | | | 3xxx | Total equity | | 463,333 | 71 | 500,598 | 74 |
| 1xxx | Total assets | | \$650,142 | 100 | \$678,868 | 100 | | Total liabilities and equity | | 650,142 | 100 | 678,868 | 100 |

Please refer to the Notes in the consolidated financial statements

Chairman: Wong, Shu-Jen

Manager: Tang, Bennet-Yun

Accounting Executive: Yen, Yung-Sen

Mospec Semiconductor Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

Unit: NT\$: thousands

| Code | Accounting Item | Note | 2023 | | 2022 | |
|------|--|------------------|------------|------|------------|-------|
| | | | Amount | % | Amount | % |
| 4000 | OPERATING REVENUE | 4 and 6.15 | \$63,079 | 100 | \$91,870 | 100 |
| 5000 | OPERATING COSTS | 4 and 6.18 | (58,189) | (92) | (104,722) | (114) |
| 5900 | GROSS PROFIT FROM OPERATIONS | | 4,890 | 8 | (12,852) | (14) |
| 6000 | OPERATING EXPENSES | | | | | |
| 6100 | Selling expenses | | (9,830) | (16) | (11,396) | (12) |
| 6200 | Administrative expenses | | (36,851) | (58) | (43,385) | (47) |
| 6300 | Research and development expenses | | (7,934) | (13) | (5,098) | (6) |
| 6450 | Expected credit loss (gain) | 4 and 6.16 | 9 | 0 | 63 | 0 |
| | Total operating expenses | 4 and 6.5 | (54,606) | (87) | (59,816) | (65) |
| 6900 | Net operating income (loss) | | (49,716) | (79) | (72,668) | (79) |
| 7000 | NON-OPERATING INCOME AND EXPENSES | | | | | |
| 7100 | Interest income | 4 and 6.19 | 2,950 | 5 | 1,059 | 1 |
| 7010 | Other income | 4 and 6.19 | 5,881 | 9 | 5,840 | 6 |
| 7020 | Other gains and losses | 4 and 6.19 | 9,992 | 16 | 33,223 | 36 |
| 7050 | Finance costs | 4 and 6.19 and 7 | (5,416) | (9) | (2,409) | (2) |
| | Total non-operating income and expenses | | 13,407 | 21 | 37,713 | 41 |
| 7900 | Profit (loss) before tax | | (36,309) | (58) | (34,955) | (38) |
| 7950 | Tax income | 4 and 6.21 | - | - | - | 0 |
| 8200 | Profit (loss) | | (36,309) | (58) | (34,955) | (38) |
| 8300 | Other comprehensive income | 4 and 6.20 | | | | |
| 8360 | Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences on translation | | (956) | (1) | 5,156 | 6 |
| | Other comprehensive income(loss), net | | (956) | (1) | 5,156 | 6 |
| 8500 | Total comprehensive income | | \$(37,265) | (59) | \$(29,799) | (32) |
| 8600 | NET INCOME ATTRIBUTABLE TO: | | | | | |
| 8610 | Shareholders of the parent | 4 and 6.21 | \$(36,309) | (58) | \$(34,955) | (38) |
| 8700 | COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | |
| 8710 | Shareholders of the parent | | \$(37,265) | (59) | \$(29,799) | (32) |
| | EARNINGS PER SHARE (NT\$) | | | | | |
| 9750 | Basic earnings per share | 4 and 6.22 | \$(0.98) | | \$(0.94) | |

Please refer to the Notes in the consolidated financial statements

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 Mospec Semiconductor Corporation and Subsidiaries
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the years ended December 31, 2023 and 2022

Unit: NT\$: thousands

| Code | Item | Equity Attributable to Shareholders of the Parent | | | | |
|------|-----------------------------------|---|-----------------|--|---|--------------|
| | | Capital - Common Stock | Capital Surplus | Retained Earnings | Others | Total Equity |
| | | | | Unappropriated retained earnings (accumulated deficit) | Exchange differences on translation of foreign financial statements | |
| | | 3110 | 3200 | 3350 | 3410 | 3xxx |
| A1 | BALANCE, JANUARY 1, 2022 | \$370,000 | \$193,260 | \$(20,577) | \$(12,286) | \$530,397 |
| D1 | Net income (loss) | – | – | (34,955) | – | (34,955) |
| D3 | Net comprehensive income (loss) | – | – | – | 5,156 | 5,156 |
| D5 | Total comprehensive income (loss) | – | – | (34,955) | 5,156 | (29,799) |
| Z1 | BALANCE, DECEMBER 31, 2022 | \$370,000 | \$193,260 | \$(55,532) | \$(7,130) | \$500,598 |
| A1 | BALANCE, JANUARY 1, 2023 | \$370,000 | \$193,260 | \$(55,532) | \$(7,130) | \$500,598 |
| D1 | Net income (loss) | – | – | (36,309) | – | (36,309) |
| D3 | Net comprehensive income (loss) | – | – | – | (956) | (956) |
| D5 | Total comprehensive income (loss) | – | – | (36,309) | (956) | (37,265) |
| Z1 | BALANCE, DECEMBER 31, 2023 | \$370,000 | \$193,260 | \$(91,841) | \$(8,086) | \$463,333 |

Please refer to the Notes in the consolidated financial statements

Chairman: Wong, Shu-Jen

Manager: Tang, Bennet-Yun

Accounting Executive: Yen, Yung-Sen

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Mospec Semiconductor Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
Amounts in NT\$ thousands Unless otherwise specified

Unit: NT\$: thousands

| Code | Item | 2023 | 2022 | Code | Item | 2023 | 2022 |
|--------|---|------------|------------|--------|---|----------|-----------|
| | | Amount | Amount | | | Amount | Amount |
| AAAA | CASH FLOWS FROM OPERATING ACTIVITIES | | | BBBB | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| A10000 | Net income before tax | \$(36,309) | \$(34,955) | B02700 | Acquisition of property, plant and equipment | - | (1,735) |
| A20000 | Adjustments: | | | B02800 | Proceeds from disposal of property, plant and equipment | 20,089 | - |
| A20010 | Adjustments to reconcile profit (loss): | | | B03800 | Decrease in refundable deposits | - | 17 |
| A20100 | Depreciation expense | 21,334 | 22,161 | B06500 | Increase in other financial assets | - | (55,278) |
| A20200 | Amortization expense | - | 693 | B06600 | Decrease in other financial assets | 9 | - |
| A20300 | Expected credit loss (gain) | (9) | (63) | B07100 | Increase in prepayments for business facilities | (10,601) | (52,330) |
| A20400 | Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 423 | (45,288) | B07200 | Decrease in prepayments for business facilities | 1,242 | - |
| A20900 | Interest expense | 5,416 | 2,409 | BBBB | Net cash flows from (used in) investing activities | 10,739 | (109,326) |
| A21200 | Interest income | (2,950) | (1,059) | CCCC | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| A22500 | Loss (gain) on disposal of property, plan and equipment | (19,231) | 4,037 | C00100 | Increase in short-term loans | 60,000 | - |
| A29900 | Loss (gain) from price recovery of inventory | (3,029) | 18,961 | C00200 | Decrease in short-term loans | (60,000) | 57,179 |
| A29900 | Others | - | 1,600 | C01600 | Proceeds from long-term loans | 23,240 | 20,840 |
| A20010 | Total reconcile profit (loss) | 1,954 | 3,451 | C01700 | Repayment of long-term loans | (6,429) | (951) |
| A30000 | Changes in operating assets and liabilities | | | C03700 | Increase in Other Payable - Related Parties | 20,000 | - |
| A31000 | Changes in operating assets | | | C03800 | Decrease in Other Payable - Related Parties | (20,000) | - |
| A31130 | Decrease (increase) in notes receivable | (1,322) | 1,387 | CCCC | Net cash flows from financing activities | 16,811 | 77,068 |
| A31150 | Decrease in accounts receivable | 2,856 | 7,625 | DDDD | EFFECT OF EXCHANGE RATE CHANGES ON CASH AND | 1,000 | 3,661 |
| A31180 | Decrease (increase) in other receivable | 308 | 4,557 | EEEE | NET INCREASE IN CASH AND CASH EQUIVALENTS | 9,663 | (80,555) |
| A31200 | Increase (decrease) in inventories | 21,938 | (12,862) | E00100 | CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 17,605 | 98,160 |
| A31240 | Decrease (increase) in other current assets | 2,734 | 2,068 | E00200 | CASH AND CASH EQUIVALENTS, END OF YEAR | \$27,268 | \$17,605 |
| A32000 | Changes in operating liabilities | | | | | | |
| A32125 | Increase in contract liabilities | 124 | - | | | | |
| A32150 | Decrease in accounts payable | (810) | (10,969) | | | | |
| A32180 | Increase (decrease) in other payable | (3,668) | (6,676) | | | | |
| A32200 | Decrease in provisions | (3,810) | (4,509) | | | | |
| A32230 | Increase (decrease) in other current liabilities | (269) | (200) | | | | |
| A32240 | Increase (decrease) in net defined benefit liability | (53) | 59 | | | | |
| A30000 | Total changes in operating assets and liabilities | 18,028 | (19,520) | | | | |
| A33000 | Cash inflow (outflow) generated from operations | (16,327) | (51,024) | | | | |
| A33100 | Interest received | 2,927 | 962 | | | | |
| A33300 | Interest paid | (5,198) | (1,815) | | | | |
| A33500 | Income taxes paid | (289) | (81) | | | | |
| AAAA | Net cash flows from (used in) operating activities | (18,887) | (51,958) | | | | |

Please refer to the Notes in the consolidated financial statements

Chairman: Wong, Shu-Jen

Manager: Tang, Bennet-Yun

Accounting Executive: Yen, Yung-Sen

English Translation of Consolidated Financial Statements Originally Issued in Chinese
MOSPEC SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and organization

- (1) Mospec Semiconductor Corp. (the "Company") was established and approved in March, 1987 in Gangqian Village, Xinshi District, Tainan City, at No. 76 Zhongshan Road. The company primarily engages in the manufacturing, processing, and sales of power transistors, diodes, and solar cell wafers.
- (2) The Company's shares were approved for trading on the Taipei Exchange in November, 1998 and subsequently received approval to be listed and traded on the Taiwan Stock Exchange in September, 2000.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (the "Group") for the years ended December 31, 2023 and 2022 were approved by the Board of Directors on March 7, 2024.

3. Newly issued or revised standards and interpretations

- (1) Accounting policy changes resulting from the first-time adoption of IFRS.

The Company has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations or Interpretations (IFRICs), approved by the Financial Supervisory Commission (FSC) and applicable for accounting years beginning on or after January 1, 2023, which did not have a significant impact on the Group upon first-time application.

- (2) As of the publication date of the financial report, the Group has not yet adopted the following new standards, interpretations and amendments recognized by the FSC that have been issued by the International Accounting Standards Board:

| Item | New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|------|--|--|
| 1 | Amendments to IAS 1, "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| 2 | Amendments to IFRS 16, "Lease Liability in Sale and Leaseback Transactions" | January 1, 2024 |
| 3 | Amendments to IAS 1, "Non-current Liabilities within Contracts" | January 1, 2024 |
| 4 | Amendments to IAS 7 and IFRS 7, "Supplier Finance Arrangements" | January 1, 2024 |

1. Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"

The Classification addresses revisions made to paragraphs 69 to 76 of International Accounting Standard 1 "Presentation of Financial Statements," specifically regarding the classification of liabilities as current or non-current.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

2. Amendments to IFRS 16, “Lease Liability in Sale and Leaseback Transactions”

The amendment focuses on IFRS 16 "Leases" and introduce additional accounting treatments for lessors acting as sellers and lessees in sale and leaseback transactions to enhance consistency in the application of the standard.

3. Amendments to IAS 1, “Non-current Liabilities within Contracts”

The amendment aims to enhance the disclosure of long-term debt contracts by clarifying that contractual terms that require compliance for at least twelve months after the reporting period do not affect the classification of those liabilities as current or non-current at the end of the reporting period.

4. Amendments to IAS 7 and IFRS 7, “Supplier Finance Arrangements”

The amendment provides additional guidance on supplier finance arrangements and introduce new disclosures related to such arrangements.

The above are new standards, interpretations and amendments issued by the International Accounting Standards Board and approved by the FSC, applicable to accounting periods beginning on or after January 1, 2024. The Group has evaluated these new standards, interpretations or amendments, and has determined that they will not have a significant effect on the Group.

- (3) As of the publication date of the financial report, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| Item | New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|------|---|--|
| 1 | Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture” | To be determined by International Accounting |
| 2 | IFRS 17, “Insurance Contracts” | January 1, 2023 |
| 3 | Amendments to IAS 21, "Lack of Exchangeability” | January 1, 2025 |

- (1) Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”

This plan is designed to address the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" regarding the treatment of the loss of control over an associate or joint venture when using the subsidiary as the cost for the investment. IAS 28 requires the elimination of the portion of gain or loss resulting from upstream transactions when non-monetary assets are contributed to acquire interests in associates or joint ventures, while IFRS 10 requires the full gain or loss on the loss of control over a subsidiary to be recognized. This amendment restricts the provision of IAS 28, and when the assets that constitute a business are sold or contributed, as defined in IFRS 3, the resulting gain or loss should be fully recognized.

This amendment also modifies IFRS 10 to require that when an investor and its associates sell or contribute a subsidiary that does not meet the definition of a business under IFRS 3, the resulting gain or loss should only be recognized to the extent of the non-controlling interest in the subsidiary.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(2) IFRS 17, "Insurance contracts"

This standard provides a comprehensive model for insurance contracts, including all accounting-related aspects (recognition, measurement, presentation, and disclosure principles). The core of the standard is a general model, under which the initial recognition of insurance contract groups is measured as the sum of the present value of the fulfillment cash flows and the contractual service margin. The carrying amount as of the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

In addition to the general model, specific application methods (variable fee approach) are provided for contracts with direct participation features; and a simplified approach (premium allocation approach) for short-term contracts.

This standard, which was issued in May 2017, was subsequently amended in 2020 and 2021. The effective date of the amendment was postponed by two years in the transitional provisions, from January 1, 2021, to January 1, 2023. The amendment also provided additional exemptions, simplified certain provisions to reduce adoption costs, and modified certain provisions to make them more easily interpretable in certain circumstances. The standard will supersede the transitional standard, IFRS 4, "Insurance Contracts," upon its effective date.

(3) Amendments to IAS 21, "Lack of Exchangeability"

The amendment provides clarification on the concept of exchangeability and lack of exchangeability between currencies, and outlines how exchange rates are determined when a currency lacks exchangeability. Additionally, it introduces additional disclosure requirements when a currency lacks exchangeability. This amendment is applicable to accounting periods beginning on or after January 1, 2025.

The above mentioned standards or interpretations have been issued by the International Accounting Standards Board but have not yet been endorsed by the FSC, the actual effective date shall be determined by the FSC. The Company is currently evaluating the potential effect of these new standards, interpretations or amendments and is unable to reasonably estimate their effect on the Company at this time. However, other new standards, interpretations or amendments have no significant effect on the Company.

4. Summary of significant accounting policies

(1) Compliance statement

The consolidated financial statements of the Group for the years ended December 31, 2023 and December 31, 2022 have been prepared in accordance with the Financial Reporting Standards for Issuers of Securities as approved and issued by the FSC and effective IFRS, IAS, IFRICs and SICs.

(2) Basis of preparation

Except for financial instruments at fair value, the consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(3) Basis of consolidation

Principles of preparation of the consolidated financial statements

The Group “controls” an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In particular, the Group only controls an entity when it has the following three control elements:

- (1) Power over the investee (i.e., having existing rights that give the investor the current ability to direct relevant activities)
- (2) Exposure or rights to variable returns from the investor's involvement with the investee, and
- (3) The ability to use the investor's power over the investee to affect the amount of the investor's returns.

As the Group directly or indirectly holds less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances to assess whether it has power over the investee, including:

- (1) Contractual agreements with other vote-holding investors of the investee
- (2) Rights arising from other contractual agreements
- (3) Voting rights and potential voting rights

As facts and circumstances indicate a change in one or more of the three elements of control, the Group reassesses whether it still maintains control over the investee.

From the acquisition date (i.e. the date when control is obtained), subsidiaries are fully included in the consolidated financial statements until the date control ceases. The accounting period and accounting policies of the subsidiary's financial statements are consistent with those of the parent company. All intra-group account balances, transactions, unrealized profits and losses resulting from intra-group transactions, and dividends are eliminated in full.

In case of changes in the equity interest in subsidiaries where control is not lost, such transactions are accounted for as equity transactions.

The total comprehensive profit(loss) of the subsidiary is allocated to the owners of the parent company and non-controlling interests, even if the non-controlling interests result in a deficit balance.

If the Group loses control of a subsidiary,

- (1) the assets (including goodwill) and liabilities of the subsidiary are derecognized;
- (2) any non-controlling interests are derecognized at their carrying amounts;
- (3) the fair value of the consideration received is recognized;
- (4) any investment retained is measured at its fair value;
- (5) Any amounts previously recognized in other comprehensive income related to the subsidiary are reclassified to profit or loss for the current period. Alternatively, they may be directly transferred to retained earnings in accordance with the requirements of other applicable IFRS;
- (6) The resulting difference is recognized as profit or loss for the current period.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

The entities included in the preparation of the consolidated financial statements are as follows:

| Name of Investor | Name of Subsidiary | Main business activities | Ownership(%) | |
|------------------------|---------------------------------------|---|-------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| The Company | NHM (BVI) Holding Ltd. | Regular investment | 100.00% | 100.00% |
| NHM (BVI) Holding Ltd. | H&M Semiconductor(Si chuan) Co., Ltd. | Manufacturing and sales of new electronic components and trading of solar cell wafers | 100.00% | 100.00% |

(4) Foreign currency transactions

The consolidated financial statements of this Group are presented in New Taiwan Dollars, which is the functional currency of the Company. Each entity within the Group determines its own functional currency and measures its financial statements using that functional currency.

Foreign currency transactions within the group are recorded in the functional currency using the exchange rates on the transaction dates. As of each reporting period, foreign currency monetary items are translated using the closing exchange rates, while foreign currency non-monetary items measured at fair value are translated using the exchange rates on the valuation date. Foreign currency non-monetary items measured at historical cost are translated using the exchange rates on the original transaction dates.

Except as described below, exchange differences arising from the settlement or translation of monetary items are recognized as profit or loss in the period in which they occur:

- (1) Exchange differences arising from foreign currency borrowings incurred to acquire qualifying assets, if considered as an adjustment to interest costs, are capitalized as part of the cost of those assets.
- (2) Foreign currency items subject to IFRS 9 "Financial Instruments" are treated in accordance with the accounting policies for financial instruments.
- (3) Exchange differences arising from monetary items that form part of a reporting entity's net investment in a foreign operation are initially recognized in other comprehensive income and reclassified to profit or loss on disposal of the net investment.

When the gains or losses of non-monetary items are recognized in other comprehensive income, any exchange components of such gains or losses shall be recognized in other comprehensive income. On the other hand, the gains or losses of non-monetary items are recognized in profit or loss, any exchange components of such gains or losses shall be recognized in profit or loss.

(5) Translation of foreign currency financial statements

When preparing the consolidated financial statements, the assets and liabilities of foreign operating entities are converted into New Taiwan Dollars at the closing exchange rate on the balance sheet date, while the revenue and expense items are converted at the average exchange

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

rate for the period. The resulting exchange differences are recognized in other comprehensive income and reclassified from equity to profit or loss on disposal of the foreign operating entity. In the case of partial disposals involving subsidiaries with foreign operating entities or equity investments in associates or joint ventures with foreign operating entities, the portion of the retained equity containing financial assets denominated in foreign currency is also accounted for as a disposal.

When a subsidiary containing foreign operations is partially disposed of without losing control, the proportionate amount of the cumulative translation adjustment previously recognized in other comprehensive income is reclassified to the non-controlling interest of the foreign operations, rather than recognized in profit or loss. When a joint venture or associate containing foreign operations is partially disposed of without losing significant influence or joint control, the cumulative translation adjustment is proportionately reclassified to profit or loss.

As a result of acquiring foreign operating organizations, the Group recognizes the goodwill generated and fair value adjustments made to their assets and liabilities at their book values, which are then treated as the assets and liabilities of foreign operating organizations and reported in their functional currencies.

(6) The classification standards for assets and liabilities are as follows:

If an asset meets any of the following conditions, it is classified as a current asset, otherwise it is a non-current asset:

- A. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- B. Assets held mainly for trading purposes;
- C. Assets that are expected to be realized within twelve months from the balance sheet date;
- D. Cash or cash equivalents, except for those restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

If a liability meets any of the following conditions, it is classified as a current liability, otherwise it is a non-current liability:

- A. Liabilities that are expected to be settled within the normal operating cycle;
- B. Liabilities arising mainly from trading activities;
- C. Liabilities that are to be settled within twelve months from the balance sheet date;
- D. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(7) Cash or cash equivalents

Cash and cash equivalents refer to cash, demand deposits, and short-term highly liquid investments that are readily convertible into imprest cash and are subject to insignificant risk of changes in value, including term deposits or investments with maturities of three months or less.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(8) Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and liabilities within the scope of IFRS 9 "Financial Instruments" are measured at fair value upon initial recognition, which can be directly attributed to financial assets and liabilities (excluding financial assets and financial liabilities measured at fair value through profit or loss). The transaction cost of acquiring or issuing such financial assets and financial liabilities is added or subtracted from the fair value of those financial assets and financial liabilities.

A. Recognition and Measurement of Financial Assets

All financial assets resulting from regular transactions by the Group are recognized and derecognized based on the accounting treatment on the transaction date.

The Group classifies financial assets into subsequently measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss based on the following two criteria:

- a. The business model for managing financial assets
- b. The nature of contractual cash flow of the financial asset

Financial assets measured at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost and are presented in the balance sheet as notes receivable, accounts receivable, financial assets measured at amortized cost, and other receivables:

- a. Business model for managing financial assets: Holding financial assets to collect contractual cash flows.
- b. Nature of contractual cash flow of the financial asset: Cash flows solely represent principal repayments and interest on the outstanding principal amount.

These financial assets (excluding those involved in hedge relationships) are subsequently measured at amortized cost "the original recognition amount, less principal repayments, plus or minus the cumulative amortization of the difference between the original amount and the maturity amount (using the effective interest method), and adjusted for any loss allowance". Gains or losses are recognized in profit or loss when the asset is derecognized, through the amortization process, or when an impairment gain or loss is recognized.

Interest is recognized in profit(loss) when using the effective interest method (by multiplying the effective interest rate by the total book value of the financial asset) or in the following circumstances:

- a. For purchased or originated credit-impaired financial assets, interest is calculated using the credit-adjusted effective interest rate applied to the amortized cost of the financial asset.
- b. For those financial assets that do not belong to the former category but have become credit impaired subsequently, they are measured at amortized cost using the effective interest rate method.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Financial assets measured at fair value through other comprehensive income

Financial assets that meet the following two conditions are measured at fair value through other comprehensive income and presented in the balance sheet as fair value through other comprehensive income financial assets:

- a. The business model for managing the financial asset is to both collect contractual cash flows and sell financial assets.
- b. Nature of contractual cash flow of financial assets: cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The recognition of gains and losses related to these financial assets is as follows:

- a. Before derecognition or reclassification, except for impairment gains or losses and foreign exchange gains or losses recognized in profit or loss, the gains or losses are recognized in other comprehensive income.
- b. When derecognizing financial assets or financial liabilities, any previously recognized accumulated gains or losses in other comprehensive income will be reclassified from equity to profit or loss as reclassification adjustments, except for impairment gains or losses and foreign exchange gains or losses recognized in profit or loss.
- c. Interest calculated using the effective interest method (by multiplying the effective interest rate by the total book value of the financial assets) or the following is recognized in profit or loss:
 - (a) For credit-impaired financial assets acquired or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial assets.
 - (b) For financial assets that do not belong to the former category but become credit-impaired subsequently, they are measured at amortized cost using the effective interest method.

In addition, for equity instruments within the scope of IFRS 9 and not held for trading or recognized as consideration in a business combination accounted for under IFRS 3, and for which there is no irrevocable election to present subsequent changes in fair value in profit or loss, they are recognized at fair value on initial recognition with any subsequent changes in fair value reported in other comprehensive income. The amount recognized in other comprehensive income cannot subsequently be transferred to profit or loss (upon disposal of such equity instruments, the cumulative amount recognized in other equity is directly transferred to retained earnings), and such financial assets measured at fair value through other comprehensive income are presented on the balance sheet. Dividends from such investments are recognized in profit or loss, unless they clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss

All financial assets, except those measured at amortized cost or through other comprehensive income based on specific criteria mentioned earlier, are measured at fair value through profit or loss and reported on the balance sheet as financial assets at fair value through profit or loss.

This type of financial asset is measured at fair value, and any gains or losses resulting from the re-measurement are recognized in the income statement, including any dividends or interest earned from the financial asset.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

B. Impairment of financial assets

The Group recognizes and measures the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost using expected credit losses. Investments in debt instruments measured at fair value through other comprehensive income or loss are recognized as an allowance for losses in other comprehensive income or loss and do not reduce the carrying amount of the investments.

The Group measures expected credit losses by considering the following factors:

- a. By determining an unbiased and probability-weighted amount through the evaluation of various possible outcomes.
- b. Time value of money
- c. Reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions (available without undue cost or effort as of the balance sheet date)

The method for measuring impairment losses is described as follows:

- a. Measurement of expected credit losses over a 12-month period includes financial assets that have not experienced a significant increase in credit risk since initial recognition or those that are determined to have low credit risk at the balance sheet date. In addition, it also includes impairment losses measured using the expected credit loss approach over the remaining life of the financial asset as of the previous reporting period, but which no longer meet the significant increase in credit risk condition since initial recognition as of the current balance sheet date.
- b. Measurement of expected credit losses over the remaining life of financial assets includes those that have had a significant increase in credit risk since initial recognition or that are credit-impaired at the reporting date, as well as those that are purchased or originated credit-impaired financial assets.
- c. For trade receivables or contract assets within the scope of IFRS 15, the Group measures the allowance for credit losses using the expected credit loss model over the remaining period of credit risk.
- d. For lease receivables within the scope of International Financial Reporting Standard 16, the Group measures the allowance for credit losses using the expected credit loss method over the remaining lease term.

On each balance sheet date, the Group evaluates whether there has been a significant increase in credit risk of financial instruments since their initial recognition by comparing the changes in default risk of the financial instruments between the balance sheet date and the initial recognition date. Please refer to Note 12 for information related to credit risk.

C. Derecognition of financial assets

The financial assets held by the Group will be derecognized under any of the following conditions:

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

- a. The contract right to cash flows from the financial asset has expired.
- b. The financial asset has been transferred and substantially all risks and rewards of ownership of the asset have been transferred to others.
- c. The financial asset has not been transferred or retained almost all risks and rewards of the asset's ownership, but the control over the asset has been transferred.

When a financial asset is derecognized as a whole, any difference between the book value of the asset and the consideration received or receivable is recognized in profit or loss, except for any cumulative gain or loss previously recognized in other comprehensive income and subsequently reclassified to profit or loss.

D. Liabilities and equity instruments

Classification of liabilities and equity

The Group's issued liabilities and equity instruments are classified as financial liabilities or equity instruments based on the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instruments

Equity instruments refer to any contracts that evidence a residual interest in the assets of the Group after deducting all its liabilities. The Group's issued equity instruments are recognized at the amount of the proceeds received, net of any directly attributable issuance costs.

Hybrid Instruments

The Group recognizes the financial liability and equity components of its issued convertible bonds based on their contractual terms. For the issued convertible bonds, the economic characteristics and risks of the embedded call and put options are evaluated prior to separating the equity component.

The portion of the liability not involving derivatives, which has a fair value that is substantially the same and is not convertible, is classified as a financial liability measured at amortized cost until conversion or redemption. For the embedded derivatives that are not closely related to the economic characteristics and risks of the host contract (such as call and put options embedded that cannot be measured at fair value at each reporting date), they are classified as financial liability components and measured at fair value through profit or loss. The equity component is determined by deducting the financial liability component from the fair value of the convertible bond and is not remeasured subsequently. If the issued convertible bonds do not have any equity component, they are treated in accordance with IFRS 9 as hybrid instruments.

The transaction costs are allocated to the liability and equity components of the issued convertible bonds based on the proportion of their respective carrying amounts.

When the holders of the convertible bonds exercise their conversion rights before the maturity date, the book value of the liability component is adjusted to its carrying amount at conversion date as the basis for recording the issuance of common stocks.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Financial Liabilities

Financial liabilities that fall within the scope of IFRS 9 are initially classified as either fair value through profit or loss financial liabilities or amortized cost financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

Financial liabilities are classified as held for trading when one of the following conditions is met:

- a. The main purpose of the financial asset is to be sold in the short term;
- b. This condition refers to a situation where a financial instrument or a group of financial instruments is recognized as part of a recognizable group of financial instruments managed under a consolidated basis at its initial recognition, and there is evidence of short-term profit-taking activity associated with the group of financial instruments in the near term;
- c. It is a derivative instrument (excluding financial guarantee contracts or derivatives designated as effective hedging instruments).

For contracts containing one or more embedded derivative instruments, the overall mixed contract may be designated as a financial liability measured at fair value through profit or loss when either of the following factors can provide more relevant information at initial recognition:

- a. The designation eliminates or significantly reduces a measurement or recognition inconsistency;
- b. A group of financial assets, financial liabilities or both are managed on a fair value basis in accordance with a documented risk management or investment strategy and information on this investment portfolio, which is provided internally to management, is also based on fair value.

Any benefit or loss resulting from the remeasurement of such financial liabilities is recognized in profit or loss, which includes any interest paid on the financial liabilities.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include accounts payable and loans, which are measured using the effective interest method after initial recognition. When a financial liability is derecognized or amortized, any related gains or losses and the amortization amount are recognized in profit or loss.

The calculation of the amortized cost takes into account the discount or premium and transaction costs incurred at the time of acquisition.

Derecognition of Financial Liabilities.

Financial liabilities shall be derecognized when the obligation of the financial liability is discharged, canceled or expired.

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Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

When significant modifications (whether due to financial difficulties or not) are made to the terms of the existing financial liabilities or when the Group exchanges debt instruments with creditors that have significant differences in terms, the original liability shall be derecognized and the new liability shall be recognized. When a financial liability is derecognized, the difference between the book value and the total consideration paid or payable (including non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss.

E. Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities shall only be offset and presented on a net basis in the balance sheet when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(9) Derivative Financial Instruments

The Group holds or issues derivative financial instruments to hedge against exchange rate and interest rate risks. Designated and effective hedging instruments are reported in the balance sheet as hedging derivative assets or liabilities, while others that do not qualify as designated and effective hedging instruments are reported in the statement of financial position as financial assets or financial liabilities measured at fair value through profit or loss.

The initial recognition of derivative financial instruments is based on their fair value at the date of the derivative financial instrument contract and subsequently measured at fair value. As the fair value of a derivative instrument is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability. Changes in the fair value of derivative instruments are recognized directly in profit or loss, except for those involving cash flow hedges and net investment hedges of foreign operations that are considered effective, the gains and losses are recognized in profit or loss or equity items depending on the type of hedging.

Embedded derivatives in non-financial assets or non-financial liabilities are treated as independent derivative financial instruments when their economic characteristics and risks are not closely related to the host contract and the host contract is not measured at fair value through profit or loss.

(10) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in either:

- (1) The principal market for the asset or liability, or
- (2) If there is no principal market, the most advantageous market for the asset or liability

The principal market or the most advantageous market must be accessible by the Group to make the transaction.

The fair value measurement of assets or liabilities uses the assumptions that market participants would use when pricing the assets or liabilities, assuming that the market participants are acting in their economic best interest.

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The fair value measurement of non-financial assets takes into account the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling the asset to another market participant who would use the asset in its highest and best use.

The Group employs valuation techniques that are appropriate and have sufficient data available in the relevant circumstances to measure fair value, while maximizing the use of observable inputs and minimizing the use of unobservable inputs.

(11) Inventory

The inventory is valued at the lower of cost or net realizable value on an item-by-item basis.

Cost refers to the cost incurred to bring the inventory to its present location and condition for sale or use:

Raw materials : valued using the weighted average method based on the actual purchase cost.

finished and work-in-progress goods : It includes direct materials, labor, and fixed manufacturing overhead allocated at normal capacity levels, but excludes borrowing costs.

Net realizable value refers to the estimated selling price less the costs of completion and sales expenses under normal conditions.

Provision of labor services are accounted for in accordance with IFRS 15 and are not within the scope of inventory.

(12) Property, plant, and equipment

Property, plant, and equipment are recognized at cost, including the costs of dismantling, removing, and restoring the location of the asset and necessary interest incurred during the construction phase. They are then reduced by accumulated depreciation and accumulated impairment losses. If a significant component of property, plant, and equipment has a useful life and depreciation method that is different from the remainder, it is separately depreciated. When significant components of property, plant, and equipment are subject to periodic revaluation, they are treated as individual assets and are recognized using specific useful lives and depreciation methods. Any resulting carrying amount of the revalued component is derecognized in accordance with IAS 16. If significant overhaul costs meet the recognition criteria, they are recognized as part of the cost of replacing the asset, while other repairs and maintenance expenses are recognized in profit or loss.

Depreciation is provided on a straight-line basis over the estimated useful lives of the following assets:

| <u>Assets</u> | <u>Useful life</u> |
|---------------------------|--------------------|
| Real estate and buildings | 5-51 years |
| Machinery and equipment | 1-10 years |
| Other equipment | 2-15 years |

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After the initial recognition, if a real estate, plant, or equipment item or any significant component is disposed of or expected to generate no future economic benefits through use or disposal, it should be derecognized and any resulting gain or loss recognized.

The residual value, useful life, and depreciation method of real estate, plant, and equipment are evaluated at the end of each financial year. Any changes in the estimated values compared to the previous estimates are recognized as accounting estimate changes.

(13) Leases

Upon the establishment of a contract, the Group assesses whether the contract constitutes or contains a lease. If the contract transfers the right to control the use of a recognized asset for a period of time in exchange for consideration, the contract is deemed to be or to contain a lease. In order to evaluate whether the contract transfers the right to control the use of a recognized asset for a period of time, the Group assesses whether it has the following over the entire period of use:

- (1) The right to obtain substantially all of the economic benefits from the use of the identified assets;
- (2) The right to direct the use of the identified assets.

For contracts that contain a lease (or lease component), the Group treats each lease component as a separate lease and accounts for it separately from non-lease components in the contract. If a contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to the lease component based on the relative standalone price of each lease component and the aggregate standalone price of the non-lease components in the contract. The relative standalone price of the lease and non-lease components is based on the price charged by the lessor (or a similar supplier) for each component (or similar components), respectively. If the standalone price is not readily observable, the Group maximizes the use of observable information to estimate the standalone price.

Lessee

Except for leases of low-value assets or short-term leases, when the Group is a lessee under a lease contract, it recognizes a right-of-use asset and a lease liability for all leases.

On the commencement date, the Group measures the lease liability at the present value of the lease payments that are not yet paid on that date. If the implicit rate of interest in the lease is readily determinable, the lease payments are discounted using that rate. If the implicit rate is not readily determinable, the lessee's incremental borrowing rate is used. On the commencement date, the lease payments included in the lease liability comprise the following payments related to the right to use the underlying asset that are unpaid on that date:

- (1) fixed payments (including any in-substance fixed payments), less any lease incentives receivable;
- (2) Variable lease payments that are based on an index or a rate (initially measured using the index or rate as at the commencement date);
- (3) The amounts expected to be payable by the lessee under residual value guarantees;
- (4) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

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- (5) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability using the effective interest method, with the lease liability increased to reflect interest on the lease liability and reduced by lease payments made.

On the commencement date, the Group measures the right-of-use asset at cost, which includes:

- (1) The initial measurement of the lease liability;
- (2) Any lease payments made at or before the commencement date, less any lease incentives received;
- (3) Any initial direct costs incurred by the lessee; and
- (4) The estimated cost of dismantling, removing and restoring the underlying asset, or of restoring the underlying asset to the condition required by the terms and conditions of the lease.

The subsequent measurement of the right-of-use asset is based on the cost model, which means it is measured at cost less accumulated depreciation and accumulated impairment losses.

If ownership of the underlying asset transfers to the Group at the end of the lease term, or if the cost of the right-of-use asset reflects that the Group is reasonably certain to exercise a purchase option, then depreciation is provided over the useful life of the asset from the commencement date until the end of the useful life of the asset. Otherwise, depreciation is provided over the useful life of the asset from the commencement date until the earlier of the end of the useful life of the asset or the end of the lease term.

The Group applies IAS 36, "Impairment of Assets," to assess whether a right-of-use asset has suffered any impairment and to recognize any impairment losses.

Except for leases of low-value assets or short-term leases, the Group recognizes right-of-use assets and lease liabilities on the balance sheet, and recognizes depreciation expense and interest expense separately in the statement of comprehensive income.

For leases of low-value assets or short-term leases, the Group may choose to recognize the lease payments as an expense under a straight-line method or another systematic basis over the lease term.

(14) Intangible assets

Intangible assets acquired separately are initially measured at cost. Intangible assets acquired through a business combination are measured at their fair value at the acquisition date. Subsequently, intangible assets are measured at cost less accumulated amortization and impairment losses, i.e., using the cost model. Internally generated intangible assets that do not meet the recognition criteria are expensed when incurred.

Intangible assets are classified as having either a finite or indefinite useful life.

Intangible assets with finite useful lives are amortized over their useful lives and are tested for impairment when there are indicators of impairment. The amortization period and method for

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intangible assets with finite useful lives are reviewed at least at the end of each financial year. If the estimated useful life of the asset differs from previous estimates or the expected pattern of consumption of future economic benefits has changed, the amortization method or period is adjusted and treated as an accounting estimate change.

Intangible assets with indefinite useful lives are not amortized, but they are subject to impairment testing at the individual asset or cash-generating unit level annually. The useful life of intangible assets with indefinite useful lives is assessed each reporting period to determine if there are any events or circumstances that continue to support their classification as indefinite. If the useful life is changed from indefinite to finite, the new accounting treatment is applied prospectively.

Any gains or losses arising from the derecognition of intangible assets are recognized as profits/losses.

Summary of the accounting policies for intangible assets of the Group are as follows:

| | |
|-----------------------------------|-------------------------------|
| | <u>computer software cost</u> |
| Useful life | Finite(5 years) |
| Amortization method | straight-line method |
| Internal or external acquisition. | External |

(15) Non-financial asset impairment

At the end of each reporting period, the Group evaluates whether there are indicators of impairment for all assets that fall within the scope of IAS 36 "Impairment of Assets". If there are indicators of impairment or if certain assets require an annual impairment test, the Group conducts an impairment test on an individual asset or on the cash-generating unit to which the asset belongs. If the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the Group recognizes an impairment loss. The recoverable amount is the higher of the net fair value or value in use.

At the end of each reporting period, the Group also assesses whether there are indications that previously recognized impairment losses for assets other than goodwill may no longer exist or may have decreased. If such indications exist, the Group estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment loss is reversed. However, the carrying amount after reversal cannot exceed the asset's carrying amount if no impairment loss had been recognized, net of depreciation or amortization.

Impairment losses and reversals for continuing operations are recognized as profits/losses.

(16) Provisions

The recognition criteria for liability provisions is that a present obligation (legal or constructive) has arisen from past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. When the company expects some or all of the liability provisions to be reimbursed, it is recognized as a separate asset only when the reimbursement is virtually certain. If the time value of money is significant, liability provisions are discounted at a pre-tax rate that reflects the specific risks of the liability. The increase in the liability amount due to the passage of time during discounting is recognized as borrowing cost.

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Provisions for dismantling, restoration and similar costs

Provisions for dismantling, removal of property, plant and equipment and restoration of the site on which they are located are measured at the present value of the estimated cash flows required to settle the obligation, and the costs of dismantling are recognized as part of the cost of the asset. The cash flows are discounted using a rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense. Estimates of future dismantling costs are reviewed and adjusted for appropriateness at the end of each reporting period. Changes in estimates of future dismantling costs or changes in the discount rate increase or decrease the related asset cost.

(17) Revenue Recognition

The Group's revenue from contracts with customers primarily includes sales of goods and rendering of services, and the accounting treatment is described as follows:

Sales of Goods

The Group manufactures and sells goods. Revenue and accounts receivable are recognized when the promised goods are delivered to the customer and the customer obtains control over them (i.e. the ability to direct the use of and obtain substantially all of the remaining benefits from the goods). The main products are power transistors, diodes, and solar cell chips, and revenue is recognized based on the contractually agreed price.

The credit period for the sale of goods is 30 to 120 days. For most contracts, when control over the goods is transferred and the Group has an unconditional right to receive payment, accounts receivable are recognized. Such accounts receivable are usually short-term and do not constitute a significant portion of the Group's financial statements. For a few contracts, the Group has transferred the goods to the customer but does not yet have an unconditional right to receive payment. In such cases, contract assets are recognized, and the impairment loss is measured based on the expected credit loss amount over the asset's life, in accordance with IFRS 9.

(18) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the cost of the asset. All other borrowing costs are recognized as expenses in the period incurred. Borrowing costs include interest and other costs related to borrowing funds.

(19) Retirement benefits plan

The retirement policy of the Company applies to all regular employees, and the retirement benefits of the employees are fully deposited into the Labor Retirement Reserve Supervisory Committee and stored in the Retirement Fund Account. As the above-mentioned retirement benefits are deposited in the name of the Labor Retirement Reserve Supervisory Committee and are completely separated from the Company, they are not included in the aforementioned consolidated financial statements. The retirement benefits of the employees of overseas subsidiaries are handled in accordance with local laws and regulations.

For defined contribution retirement benefits plans, the Company's monthly contribution rate for employee retirement benefits shall not be less than 6% of the employee's monthly salary, and the

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amount contributed shall be recognized as expenses in the current period. The overseas subsidiaries contribute and recognize expenses in the current period according to the specific proportion in the local area.

(20) Income tax

Income tax expenses (benefits) refer to the aggregate amount included in determining the current period's income statement and related to current income tax and deferred income tax.

Current Income Tax

Current income tax payable (receivable) for the current period and prior periods is measured using the enacted or substantially enacted tax rates and laws at the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity, respectively, and not in profit or loss.

The portion of the undistributed earnings subject to additional income tax is recognized as income tax expense on the date of the shareholder resolution to distribute the earnings.

Deferred Income Tax

Deferred income tax is calculated on the temporary differences between the tax base of assets and liabilities and their book values on the balance sheet date.

All taxable temporary differences, except for the following two items, are recognized as deferred income tax liabilities:

- (1) The original recognition of goodwill; or the original recognition of assets or liabilities not arising from a business combination, which, at the time of the transaction, neither impacts accounting profit nor taxable income (loss), and does not result in equal temporary differences between taxable and deductible amounts at the time of the transaction.
- (2) Temporary differences arising from investments in subsidiaries, associates, and joint ventures that are not expected to reverse in the foreseeable future and over which the entity has control.

Deferred income tax assets arising from deductible temporary differences, unused tax losses and unused tax credits are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized, except for the following two items:

- (1) This relates to the deductible temporary differences arising from the original recognition of assets or liabilities not resulting from business combination transactions, which, at the time of the transaction, neither affect accounting profit nor tax income (loss), and do not result in the recognition of equal taxable and deductible temporary differences at the time of the transaction.
- (2) The deductible temporary differences arising from investments in subsidiaries, associates, and joint ventures, provided it is probable that the differences will reverse in the foreseeable future and sufficient taxable income will be available against which the differences can be utilized.

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Deferred tax assets and liabilities are measured based on the tax rates and laws that are enacted or substantively enacted at the end of the reporting period, and reflect the tax consequences of expected asset realizations or liability settlements in the current period. The measurement of deferred tax assets and liabilities reflects the tax consequences of the expected recovery of assets or the settlement of liabilities at their carrying amounts as of the end of the reporting period. Deferred tax items that are not recognized in profit or loss are recognized in other comprehensive income or directly in equity, depending on the nature of the transaction. Deferred tax assets are reviewed and recognized at the end of each reporting period.

Deferred tax assets and liabilities can only be offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax is levied by the same tax authority as the income tax levied on the same taxable entity.

According to the Amendments to IFRS 12, "International Tax Reform - Pillar 2 Blueprint," temporary exceptions, therefore, prohibit the recognition of deferred tax assets and liabilities for Pillar 2 income taxes and also prohibit the disclosure of related information.

5. Sources of Significant Accounting Judgments, Estimates and Assumptions Uncertainty

In preparing the consolidated financial statements, the management of the Group is required to make judgments, estimates and assumptions as of the end of the reporting period, which affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, the uncertainty associated with these significant assumptions and estimates may result in significant adjustments to the carrying amounts of assets or liabilities in future periods.

Estimates and Assumptions

Information on the sources of uncertainty related to the significant estimates and assumptions made about the future as of the end of the reporting period may result in significant risks of material adjustments to the book value of assets and liabilities in the next financial year. The following are the details:

(1) Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from an active market, fair value will be determined using valuation techniques including income approach (e.g. discounted cash flow model) or market approach. Changes in the assumptions used in these models will affect the fair value of the reported financial instruments. Please refer to Note 12 for details.

(2) Impairment of Non-Financial Assets

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The calculation of fair value less costs to sell is based on the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. The value in use is based on a discounted cash flow model. The estimation of cash flows is based on a five-year budget,

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excluding any restructuring that the Group has not committed to, or significant future investments needed to enhance the asset performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used in the discounted cash flow model and the expected future cash inflows and growth rate based on extrapolation.

(3) Income Tax

The uncertainty in income tax arises from the interpretation of complex tax regulations, the amount and timing of future taxable income. The actual results from extensive international business relationships and long-term and complex contracts may differ from the assumptions made, or changes in these assumptions in the future may require adjustments to the income tax benefit or expense already recognized in the future. The provision for income tax is based on reasonable estimates made based on possible audit results of the tax authorities in the countries where the consolidated companies operate. The amount recognized is based on various factors, such as past tax audit experience and different interpretations of tax regulations by taxpayers and tax authorities. These differences may raise various issues due to the location of individual companies within the Group.

Unused tax losses and tax credits for future periods and deductible temporary differences are recognized as deferred tax assets within the scope of probable future taxable income or deductible temporary differences. The determination of the amount of deferred tax assets recognized is based on estimates of future taxable income and probable temporary differences, as well as future tax planning strategies at the time and level when they may occur.

As of December 31, 2023, please refer to Note 6 for the explanation of the deferred tax assets not yet recognized by the Group.

(4) Accounts receivable - estimated impairment loss

The estimated impairment loss for accounts receivable of the Group is measured by expected credit losses during the existence of accounts receivable. The credit losses are measured by the difference between the present value of the contractual cash flows (book value) and the expected cash flows to be collected (forward-looking information). However, the impact of discounting on short-term accounts receivable is insignificant, and credit losses are measured by the undiscounted difference. If actual cash flows in the future are less than expected, significant impairment losses may arise, please refer to Note 6 for more details.

(5) Inventory

The estimated net realizable value of inventory is determined by considering the possibility of inventory impairment, obsolescence, or decline in selling price. The most reliable evidence of the expected realizable value of inventory at the time of estimation is used for this purpose, as described in Note 6.

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6. Description of Significant Accounts

1. Cash and cash equivalents

| | As of December 31, 2023 | As of December 31, 2022 |
|------------------------|-------------------------------|-------------------------------|
| Cash on hand | \$325 | \$333 |
| Check and cash in bank | 26,943 | 17,272 |
| Total | <u>\$27,268</u> | <u>\$17,605</u> |

The Group also holds fixed-term deposits with maturities exceeding 3 months. These deposits are classified under "Other Financial Assets - Current" at their respective maturity dates. As of December 31, 2023 and December 31, 2022, the interest rates for these deposits were 5.35% and ranged from 3.90% to 4.45%, respectively.

2. Financial assets measured at fair value through profit or loss

| | As of December 31, 2023 | As of December 31, 2022 |
|--|-------------------------------|-------------------------------|
| Mandatory fair value measurement through profit or loss: | | |
| stock | <u>\$51,661</u> | <u>\$52,084</u> |
| Current | <u>\$51,661</u> | <u>\$52,084</u> |

The Group does not provide collateral for financial assets measured at fair value through profit or loss.

3. Notes receivable, net

| | As of December 31, 2023 | As of December 31, 2022 |
|---|-------------------------------|-------------------------------|
| Notes receivable - generated from operations. | \$1,437 | \$115 |
| Less: allowance for doubtful accounts | — | — |
| Total | <u>\$1,437</u> | <u>\$115</u> |

The Group did not provide any notes receivable as collateral for its loans.

The impairment and related information on allowance for doubtful accounts are evaluated in accordance with IFRS 9. Please refer to Note 6.16 for more details, and for information related to credit risk, please refer to Note 12.

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4. Accounts receivable, net

| | As of December 31, 2023 | As of December 31, 2022 |
|---------------------------------------|-------------------------------|-------------------------------|
| Accounts receivable | \$16,194 | \$19,062 |
| Less: allowance for doubtful accounts | (126) | (149) |
| Total | <u>\$16,068</u> | <u>\$18,913</u> |

The Group did not provide any accounts receivable as collateral for its loans.

The credit period provided by the Group to its customers is usually between 30 to 120 days. As of December 31, 2023 and December 31, 2022, the total book value was NT\$17,631,000 and NT\$19,177,000, respectively. The information on the allowance for doubtful accounts for the year 2023 and 2022 is detailed in Note 6.16, and for information related to credit risk, please refer to Note 12.

5. Inventories

| | As of December 31, 2023 | As of December 31, 2022 |
|-----------------|----------------------------|----------------------------|
| Raw material | \$4,064 | \$22,340 |
| Work in process | 56 | 480 |
| Finished goods | 2,964 | 2,752 |
| Total | <u>\$7,084</u> | <u>\$25,572</u> |

The inventory costs recognized as expenses for the fiscal years 2023 and 2022 by the Group were NT\$ 58,189,000 and NT\$ 104,722,000, respectively, including inventory write-down (reversal) of (NT\$ 3,029,000) and NT\$ 18,961,000, respectively. Due to the disposal of some obsolete inventory in the same period of the previous year, there was a situation of inventory reversal benefit.

The Group did not provide any inventories as collateral for its loans.

6. Other current assets

| | As of December 31, 2023 | As of December 31, 2022 |
|--------------------------|----------------------------|----------------------------|
| Excess business tax paid | \$5,863 | \$39,415 |
| Prepaid expense | 846 | 618 |
| Others | 30 | 31 |
| Total | <u>\$6,739</u> | <u>\$40,064</u> |

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7. Property, Plant and Equipment

| | As of December 31, 2023 | | As of December 31, 2022 | | |
|--|-------------------------------|------------------|-------------------------------|--------------------|--------------------|
| Property, plant and equipment used by the Company | \$ 417,500 | | \$ 373,749 | | |
| | Land | Buildings | Machinery and Equipment | Other Equipment | Total |
| <u>Cost:</u> | | | | | |
| January 1, 2023 | \$178,778 | \$273,417 | \$1,006,804 | \$231,714 | \$1,690,713 |
| Additions | — | — | — | — | — |
| Disposals | — | — | (246,722) | (3,230) | (249,952) |
| Transfers | — | — | 55,962 | 11,424 | 67,386 |
| Effect of exchange rate changes | — | (1,424) | (1,612) | (6) | (3,042) |
| December 31, 2023 | <u>\$178,778</u> | <u>\$271,993</u> | <u>\$814,432</u> | <u>\$239,902</u> | <u>\$1,505,105</u> |
| January 1, 2022 | \$178,778 | \$272,299 | \$1,014,741 | \$231,710 | \$1,697,528 |
| Additions | — | 6 | 1,729 | — | 1,735 |
| Disposals | — | — | (15,902) | — | (15,902) |
| Reclassification | — | — | 4,737 | — | 4,737 |
| Effect of exchange rate changes | — | 1,112 | 1,499 | 4 | 2,615 |
| December 31, 2022 | <u>\$178,778</u> | <u>\$273,417</u> | <u>\$1,006,804</u> | <u>\$231,714</u> | <u>\$1,690,713</u> |
| | Land | Buildings | Machinery and Equipment | Other Equipment | Total |
| <u>Depreciation and impairment</u> | | | | | |
| January 1, 2023 | \$— | \$133,295 | \$985,676 | \$197,993 | \$1,316,964 |
| Depreciation | — | 9,331 | 4,399 | 7,535 | 21,265 |
| Disposals | — | — | (246,141) | (2,952) | (249,093) |
| Effect of exchange rate changes | — | (219) | (1,310) | (2) | (1,531) |
| December 31, 2023 | <u>\$—</u> | <u>\$142,407</u> | <u>\$742,624</u> | <u>\$202,574</u> | <u>\$1,087,605</u> |
| January 1, 2022 | \$— | \$123,858 | \$990,869 | \$190,876 | \$1,305,603 |
| Depreciation | — | 9,409 | 5,566 | 7,117 | 22,092 |
| Disposals | — | — | (11,865) | — | (11,865) |
| Effect of exchange rate changes | — | 28 | 1,106 | — | 1,134 |
| December 31, 2022 | <u>\$—</u> | <u>\$133,295</u> | <u>\$985,676</u> | <u>\$197,993</u> | <u>\$1,316,964</u> |
| <u>Net book value</u> | | | | | |
| December 31, 2023 | <u>\$178,778</u> | <u>\$129,586</u> | <u>\$71,808</u> | <u>\$37,328</u> | <u>\$417,500</u> |
| December 31, 2022 | <u>\$178,778</u> | <u>\$140,122</u> | <u>\$21,128</u> | <u>\$33,721</u> | <u>\$373,749</u> |

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Please refer to Note 8 for information on the provision of collateral with real estate, plants and equipment.

8. Intangible Assets

(1)

| | <u>Computer Software</u> |
|------------------------------------|--------------------------|
| <u>Cost:</u> | |
| January 1, 2023 | \$4,162 |
| Additions – Separate | – |
| Derecognition | – |
| December 31, 2023 | <u>\$4,162</u> |
| January 1, 2022 | \$4,162 |
| Additions – Separate | – |
| Derecognition | – |
| December 31, 2022 | <u>\$4,162</u> |
| <u>Amortization and impairment</u> | |
| January 1, 2023 | \$(4,162) |
| Amortization | – |
| Derecognition | – |
| December 31, 2023 | <u>\$(4,162)</u> |
| January 1, 2022 | \$(3,469) |
| Amortization | (693) |
| Derecognition | – |
| December 31, 2022 | <u>\$(4,162)</u> |
| Net book value | |
| December 31, 2023 | <u>\$–</u> |
| December 31, 2022 | <u>\$–</u> |

(2)The amount of amortization of intangible assets recognized is as follows:

| | <u>2023</u> | <u>2022</u> |
|-------------------|-------------|--------------|
| Operation Cost | \$– | \$69 |
| Operation Expense | <u>\$–</u> | <u>\$624</u> |

(3)The cost of computer software refers to expenses incurred for ERP and other computer software, which are amortized over a period of 5 years.

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9. Other Noncurrent Asset

| | As of December 31, 2023 | As of December 31, 2022 |
|---------------------------|----------------------------|----------------------------|
| Prepayments for equipment | \$28,798 | \$87,636 |
| Excess business tax paid | 30,590 | — |
| Total | <u>\$59,388</u> | <u>\$87,636</u> |

Please refer to Note 8 for details regarding the equipment advances provided as collateral.

10. Short-Term Loans

| Nature of Loans | As of December 31, 2023 | As of December 31, 2022 |
|-----------------|-------------------------|-------------------------|
| Unsecured loans | \$30,000 | \$30,000 |
| Secured loans | 55,260 | 55,264 |
| Total | <u>\$85,260</u> | <u>\$85,264</u> |
| Maturity date | 2024/1/11~2024/7/14 | 2023/1/11~2023/7/14 |
| Interest rate | 2.65%~6.48% | 2.425%~5.70% |
| Unused portion | \$— | \$— |

The above bank secured loans are secured by other financial assets - current, please refer to Note 8 for details on the collateral.

11. Long-Term Loans

As of December 31, 2023, the details of long-term loans are as follows:

| Creditor | As of December 31, 2023 | Annual Interest Rate(%) | Loan Content |
|-------------------------------|-------------------------------|-------------------------------|---|
| Secured loans by First Bank | \$11,103 | 2.225% | The loan is repayable in monthly installments of principal from August 10, 2022 to August 10, 2027, with monthly interest payments. |
| Secured loans by First Bank | 4,779 | 2.225% | The loan is repayable in monthly installments of principal from December 27, 2022 to December 27, 2027, with monthly interest payments. |
| Secured loans by First Bank | 2,725 | 2.225% | The loan is repayable in monthly installments of principal from February 8, 2023 to February 8, 2028, with monthly interest payments. |
| Unsecured loans by First Bank | 14,474 | 2.095% | The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments. |
| Unsecured loans by First Bank | 3,619 | 2.095% | The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments. |
| Subtotal | <u>36,700</u> | | |
| Less: Current portion | <u>(8,600)</u> | | |
| Total | <u>\$28,100</u> | | |

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(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

As of December 31, 2022, the details of long-term loans are as follows:

| Creditor | As of December 31, 2022 | Annual Interest Rate(%) | Loan Content |
|-----------------------------|-------------------------------|-------------------------------|---|
| Secured loans by First Bank | \$13,979 | 2..1% | The loan is repayable in monthly installments of principal from August 10, 2022 to August 10, 2027, with monthly interest payments. |
| Secured loans by First Bank | 5,910 | 2.1% | The loan is repayable in monthly installments of principal from December 27, 2022 to December 27, 2027, with monthly interest payments. |
| Subtotal | 19,889 | | |
| Less: Current portion | (4,014) | | |
| Total | \$15,875 | | |

Please refer to Note 8 for details on the collateral for the First Bank secured loan.

12. Retirement Benefits Plan

Defined contribution plans

The employee retirement plan established by the Group is a defined contribution plan under the "Labor Pension Act". Pursuant to the Act, the Group is required to contribute to each employee's individual retirement account every month, and the contribution rate must be no less than 6% of the employee's monthly salary. The Group has already established an employee retirement plan in accordance with the Act and contributes 6% of each employee's monthly salary to employees' pension accounts every month.

In 2023 and 2022, the Group recognized retirement benefit plan expenses of NT\$ 1,314,000 and NT\$ 1,394,000, respectively.

13. Provision for Liabilities

| | Decommissioning, Restoration, and Remediation Costs | Other | Total |
|------------------------------|---|-------|----------|
| January 1, 2023 | \$10,411 | \$— | \$10,411 |
| Current use | (3,810) | — | (3,810) |
| December 31, 2023 | \$6,601 | \$— | \$6,601 |
| January 1, 2022 | \$14,221 | \$699 | \$14,920 |
| Current use | (3,810) | (699) | (4,509) |
| December 31, 2022 | \$10,411 | \$— | \$10,411 |
| Noncurrent—December 31, 2023 | \$6,601 | \$— | \$6,601 |
| Noncurrent—December 31, 2022 | \$10,411 | \$— | \$10,411 |

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Decommissioning, Restoration, and Remediation Costs

The provision recognizes pollution prevention and control costs related to land owned by the Group, which are estimated based on the best estimate of future possible investment amounts.

Other

The provision recognizes compensation costs related to civil litigation involving the Group.

14. Equity

(1) Common stock

1. As of December 31, 2023 and 2022, the authorized capital stock of the Company was NT\$1,800,000,000 divided into 180,000,000 shares with a par value of NT\$10 per share. The issued and outstanding common stock of the Company was NT\$370,000,000 divided into 37,000,000 shares with a par value of NT\$10 per share (including 27,489,000 shares of privately placed common stock). Each share is entitled to one vote and to receive dividends.
2. The Board of Directors of the Company passed resolutions on April 8, April 15, September 7, and October 8, 2009 to issue privately placed common stock totaling NT\$276,300,000 (NT\$42,439,000 after reducing capital to offset accumulated losses).
3. The Board of Directors of the Company passed a resolution on December 28, 2010 to issue privately placed new shares of common stock totaling NT\$48,375,000 (NT\$7,430,000 after reducing capital to offset accumulated losses).
4. The Board of Directors of the Company passed a resolution on June 8, 2011 to issue privately placed new shares of common stock totaling NT\$66,750,000 (NT\$10,253,000 after reducing capital to offset accumulated losses).
5. The Board of Directors of the Company passed a resolution on February 26, 2013 to issue privately placed new shares of common stock totaling NT\$96,150,000 (NT\$14,769,000 after reducing capital to offset accumulated losses).
6. In order to improve its financial structure, the Company passed a resolution at the shareholders' meeting on June 29, 2020 to reduce its capital to offset accumulated losses by NT\$536,021,000, with a reduction ratio of 75.9214%.
7. The Board of Directors of the Company passed a resolution on September 24, 2020 to issue privately placed new shares of common stock totaling NT\$100,000,000.
8. The Board of Directors of the Company passed a resolution on March 11, 2021 to issue privately placed new shares of common stock totaling NT\$100,000,000.
9. The rights and obligations of the privately placed new shares are generally the same as those of the common stock already issued by the Company. However, according to the Securities and Exchange Act, the privately placed common stock cannot be freely transferred within three years after the issuance. Except for the restrictions on transferability under the Securities and Exchange Act, and subject to completing the public issuance and waiting for three years from the delivery date, the privately placed common stock has the same rights and obligations as the common stock already issued by the Company.

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(2) Capital Reserve

A.

| Item | 2023.12.31 | 2022.12.31 |
|------------------|------------|------------|
| Issuance premium | \$193,260 | \$193,260 |

B. According to laws and regulations, capital reserves can only be used to offset company losses. When the company has no losses, the capital reserves generated from the premium on the issuance of shares and donations received may be allocated to increase capital up to a certain percentage of paid-in capital each year. The aforementioned capital reserves may also be distributed as cash dividends in proportion to the shareholders' original shares.

(3) Earnings Distribution and Dividend Policy

According to the Company's articles of incorporation, if there are profits in the annual financial statements, they shall be distributed in the following order:

- A. Payment of taxes and other government charges.
- B. Offset of accumulated losses.
- C. Appropriation of at least 10% of the net income for the legal reserve.
- D. Appropriation or transfer to other special reserves as required by laws and regulations.
- E. Other remaining profits shall be proposed by the Board of Directors for distribution as dividends, subject to the approval of the shareholders at the shareholders' meeting.

The Company's dividend policy takes into consideration the current and future development plans, investment environment, capital requirements, domestic and international competitive conditions, and shareholder interests. The Company shall allocate not less than 50% of the distributable profits for dividends to shareholders each year. Dividends may be paid in cash or shares, with the cash portion not less than 50% of the total dividend amount.

According to the Company Act, the legal reserve shall be appropriated until it reaches an amount equal to the Company's paid-in capital. The legal reserve may be used to offset losses. When there are no accumulated losses, any excess in the legal reserve over 25% of the paid-in capital may be distributed to shareholders in the form of new shares or cash, in proportion to their shareholdings.

When the Company distributes its distributable profits, it is required by law to allocate the remaining balance of the special reserve after first-time adoption of IFRS and the net amount of other equity deduction to offset the special reserve. In the event that the net amount of other equity deduction is reversed, the Company may allocate the reversed portion to the special reserve for distribution of profits.

Due to accumulated losses in 2022 and 2021, the Company did not distribute profits at the shareholders' meeting on June 13, 2023, and June 15, 2022, respectively.

For information regarding the estimation basis and recognition amount of employee and director remuneration, please refer to Note 6.18.

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15. Net revenue

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|-----------------|-----------------|
| Revenue from customer contracts | | |
| Net revenue from sale of goods | <u>\$63,079</u> | <u>\$91,870</u> |

The revenue information related to customer contracts for the Group in 2023 and 2022 are as follows:

Revenue breakdown:

| | <u>2023</u> | <u>2022</u> |
|----------------|----------------------|----------------------|
| | <u>Semiconductor</u> | <u>Semiconductor</u> |
| Sales of Goods | <u>\$63,079</u> | <u>\$91,870</u> |

Revenue recognition timing:

| | | |
|-------------------|-----------------|-----------------|
| At a certain time | <u>\$63,079</u> | <u>\$91,870</u> |
|-------------------|-----------------|-----------------|

16. Expected credit gain(loss)

| | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Operation expense – Expected credit gain | | |
| Accounts receivable | <u>\$9</u> | <u>\$63</u> |

For information related to credit risk, please refer to Note 12 in the financial statements.

The accounts receivable of the Group (including notes and accounts receivable) are measured for impairment using the lifetime expected credit loss method. The relevant explanation of the assessment of the allowance for impairment on December 31, 2023 and 2022 is as follows:

Historical credit loss experience of accounts receivable showed no significant difference in loss patterns among different customer groups. Therefore, a non-segmented approach was adopted using the provision matrix to measure the allowance for impairment. The related information is as follows:

| December 31, 2023 | Not Overdue (Note) | Days Past Due | | | | Total |
|---------------------------------|-----------------------|-------------------|----------------|-----------------|------------------|-----------------|
| | | Within 90 days | 91-180 days | 181-365 days | Over 366 days | |
| Total book value | \$1,437 | \$14,280 | \$1,914 | \$— | \$— | \$17,631 |
| Loss rate | 0% | 0.78% | 0.78% | 50% | 100% | |
| Lifetime expected credit losses | — | (111) | (15) | — | — | (126) |
| Subtotal | \$1,437 | \$14,169 | \$1,899 | \$— | \$— | \$17,505 |
| Book value | | | | | | <u>\$17,505</u> |

| December 31, 2022 | Not Overdue (Note) | Days Past Due | | | | Total |
|---------------------------------|-----------------------|-------------------|----------------|-----------------|------------------|-----------------|
| | | Within 90 days | 91-180 days | 181-365 days | Over 366 days | |
| Total book value | \$115 | \$17,908 | \$1,154 | \$— | \$— | \$19,177 |
| Loss rate | 0% | 0.78% | 0.78% | 50% | 100% | |
| Lifetime expected credit losses | — | (140) | (9) | — | — | (149) |
| Subtotal | \$115 | \$17,768 | \$1,145 | \$— | \$— | \$19,028 |
| Book value | | | | | | <u>\$19,028</u> |

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Note: All notes receivable of the Group are not overdue.

The information on the changes in the loss allowance of accounts receivable for the years ended December 31, 2023 and 2022 of the Group is presented below:

| | Accounts Receivable |
|---------------------------------|------------------------|
| January 1, 2023 | \$149 |
| Addition (Reversal) | (9) |
| Write-off due to uncollectible | (12) |
| Effect of exchange rate changes | (2) |
| December 31, 2023 | \$126 |
| | |
| January 1, 2022 | \$210 |
| Addition (Reversal) | (63) |
| Effect of exchange rate changes | 2 |
| December 31, 2022 | \$149 |

17. Lease

(1) As a lessee

The lease term for the real estate (land) contract that the company leased is 50 years.

The effect of the lease on the financial position, financial performance, and cash flows of the Group is explained as follows:

A. The amount recognized on the balance sheet

The carrying amounts of the right-of-use asset

| | 2023.12.31 | 2022.12.31 |
|------|------------|------------|
| Land | \$3,172 | \$3,300 |

B. The amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

| | 2023 | 2022 |
|------|------|------|
| Land | \$69 | \$69 |

C. Revenue and expenses related to leasing activities for the lessee

| | 2023 | 2022 |
|--|-------|-------|
| Expenses related to leases of low-value assets (excluding expenses related to leases of low-value assets with a lease term of 12 months or less) | \$695 | \$933 |

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D. Cash outflows related to the lessee and leasing activities

The total cash outflows related to leasing activities for the Group were NT\$695,000 and NT\$993,000 for the years ended December 31, 2023 and 2022, respectively.

18. Summary of Employee Benefits, Depreciation, and Amortization Expenses by Function:

| By item \ By function | 2023 | | | 2022 | | |
|----------------------------|-------------------------------|----------------------------------|----------|-------------------------------|----------------------------------|----------|
| | Classified as operating costs | Classified as operating expenses | Total | Classified as operating costs | Classified as operating expenses | Total |
| Employees' Benefits | | | | | | |
| Salaries | \$1,044 | \$20,583 | \$21,627 | \$1,053 | \$20,449 | \$21,502 |
| Health and Labor Insurance | 144 | 1,921 | 2,065 | 141 | 1,929 | 2,070 |
| Pensions | 69 | 1,245 | 1,314 | 69 | 1,325 | 1,394 |
| Others | 59 | 1,119 | 1,178 | 60 | 1,108 | 1,168 |
| Depreciation(Note) | 6,802 | 10,276 | 17,078 | 6,935 | 10,970 | 17,905 |
| Amortization | — | — | — | 69 | 624 | 693 |

Note : The depreciation provision for the solar power generation equipment of the Group is recorded as an expense under other expenses.

According to the Company's regulations, if there is profit for the year, no less than 1% shall be allocated for employee remuneration and no more than 2% for director remuneration. However, if the Company has accumulated losses, the amount to make up for such losses shall be reserved in advance. The aforementioned employee remuneration may be provided in the form of stocks or cash and shall be resolved by the board of directors with the consent of at least two-thirds of the attending directors and a majority of the total number of directors, and shall be reported to the shareholders' meeting. For information on employee and director compensation approved by the board of directors, please refer to the "Market Observation Post System" of the Taiwan Stock Exchange.

For the fiscal years 2023 and 2022, the Company has accumulated losses, and therefore no employees' or directors' remuneration was recognized or distributed.

19. Non-operating income and expenses

(1) Interest Income

| | | |
|--|---------|---------|
| | 2023 | 2022 |
| Amortized cost financial asset - Bank deposit interest | \$2,950 | \$1,059 |

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(2) Other Income

| | 2023 | 2022 |
|-----------------------|----------------|----------------|
| Other Income - Others | \$5,476 | \$5,453 |
| Dividend | 405 | 387 |
| Total | <u>\$5,881</u> | <u>\$5,840</u> |

(3) Other income and expenses

| | 2023 | 2022 |
|--|----------------|-----------------|
| Gain (loss) on disposal of property, plant and equipment | \$19,231 | \$(4,037) |
| Net foreign exchange (loss) gain | (1,816) | 233 |
| Gain on financial assets at fair value through profit or loss (Note) | (423) | 45,288 |
| Other expenses - Depreciation of solar power equipment | (4,256) | (4,256) |
| Other expenses - Others | (2,744) | (4,005) |
| Total | <u>\$9,992</u> | <u>\$33,223</u> |

Note: This is generated by the financial assets mandatorily measured at fair value through profit or loss.

(4) Financial Cost

| | 2023 | 2022 |
|---------------------------------|------------------|------------------|
| Interest on bank loans | \$(5,393) | \$(2,409) |
| Interest on related party loans | (23) | — |
| Total | <u>\$(5,416)</u> | <u>\$(2,409)</u> |

20. Components of Other Comprehensive Income

| | 2023 | | | | |
|---|--------------------------|---|----------------------------|------------------------------|------------------|
| | Current period generated | Reclassification adjustments For the Period | Other Comprehensive Income | Income tax benefit (expense) | After-Tax Amount |
| Items that may be subsequently reclassified to profit or loss: | | | | | |
| Exchange differences arising from the translation of the financial statements of foreign operating entities | \$(956) | — | \$(956) | — | \$(956) |
| | | | | | |
| | 2022 | | | | |
| | Current period generated | Reclassification adjustments For the Period | Other comprehensive Income | Income tax benefit (expense) | After-tax Amount |
| Items that may be subsequently reclassified to profit or loss: | | | | | |
| Exchange differences arising from the translation of the financial statements of foreign operating entities | \$5,156 | — | \$5,156 | — | \$5,156 |

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21. Income Tax

(1) The major components of income tax expense for 2023 and 2022 are as follows:

Income tax expense recognized in profit or loss

| | <u>2023</u> | <u>2022</u> |
|---|-------------|-------------|
| Current income tax expense: | | |
| Current tax expense recognized in the current year | \$— | \$— |
| Deferred income tax expense: | | |
| The origination and reversal of temporary differences | — | — |
| Income tax expense recognized in profit or loss | <u>\$—</u> | <u>\$—</u> |

Income tax recognized in other comprehensive profit or loss

| | <u>2023</u> | <u>2022</u> |
|---|-------------|-------------|
| Deferred income tax expense: | | |
| Foreign exchange differences arising from the translation of financial statements of foreign operating entities | \$— | \$— |
| Income tax related to other components of comprehensive income | <u>\$—</u> | <u>\$—</u> |

(2) The adjustments to income tax expense for the year and the amount of income tax computed at the applicable statutory tax rates are as follows:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Pretax gain/loss from continuing operations | <u>\$(36,309)</u> | <u>\$(34,955)</u> |
| Income tax expense calculated at statutory tax rates | \$(7,262) | \$(6,991) |
| Tax effects of non-deductible expenses | 4,646 | 1,234 |
| Tax effects of deferred tax assets/liabilities | 2,616 | 5,757 |
| Income tax expense recognized in income statement | <u>\$—</u> | <u>\$—</u> |

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(4)The information regarding the Company's unused tax losses is summarized as follows:

| Occurrence Year | Loss Amount | Unused Balance | | Last Offset Year |
|--------------------|-------------|----------------------------|----------------------------|---------------------|
| | | As of December 31, 2023 | As of December 31, 2022 | |
| 2013 | 30,324 | 30,324 | 30,324 | 2023 |
| 2016 | 42,651 | 42,651 | 42,651 | 2026 |
| 2017 | 90,089 | 90,089 | 90,089 | 2027 |
| 2018 | 86,733 | 86,733 | 86,733 | 2028 |
| 2019 | 81,565 | 81,565 | 81,565 | 2029 |
| 2020 | 129,886 | 129,886 | 129,886 | 2030 |
| 2021 | 37,065 | 37,065 | 37,065 | 2031 |
| 2022 | 35,821 | 35,821 | 35,821 | 2032 |
| 2023 | 17,957 | 17,957 | — | 2033 |
| | | <u>\$552,091</u> | <u>\$534,134</u> | |

(5)Unrecognized Deferred Income Tax Assets

As of December 31, 2023 and 2022, the total amount of unrecognized deferred income tax assets of the Company amounted to NT\$223,505,000 and NT\$239,004,000, respectively.

(6)Status of Income Tax Filing

As of December 31, 2023, the settlement and filing of profit-seeking enterprise income tax for the Company have been approved by the tax authorities up to the fiscal year 2021.

22.Earnings(loss) per share

The calculation of basic earnings per share is based on the net income attributable to the shareholders of the parent company for the period divided by the weighted average number of outstanding common shares during the year.

The calculation of diluted earnings per share is determined by dividing the net income attributable to the shareholders of the parent company for the period by the weighted average number of outstanding ordinary shares during the period, adjusted for the effects of all dilutive potential ordinary shares, including stock options and convertible bonds. This calculation reflects the potential dilution that could occur if all dilutive securities were exercised or converted into ordinary shares.

(1)Basic earnings per share

| | As of December 31, 2023 | As of December 31, 2022 |
|--|-------------------------------|-------------------------------|
| Net loss attributable to common stockholders (NT\$ thousands) | <u>\$(36,309)</u> | <u>\$(34,955)</u> |
| Weighted average shares outstanding – basic (thousands of shares) | <u>37,000</u> | <u>37,000</u> |
| Basic earnings per share (NT\$) | <u>\$(0.98)</u> | <u>\$(0.94)</u> |

There were no significant changes in the number of outstanding common shares or potential common shares during the reporting period subsequent to the financial statements' issuance and before their approval for release.

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7. Related party Transactions

The related parties who had transactions with the Group during the financial reporting period are as follows:

Name and Relationship of Related-party

| <u>Name of related parties</u> | <u>Relationship with the Company</u> |
|---|--------------------------------------|
| Ding Hong International Investment Ltd.(Ding Hong International Investment) | Substantive Related Parties |
| Tarnng Bennet Yun | Key Management Personnel |

Significant related-party transactions

1. Disposal of real estate, plant and equipment

2023

| | <u>Asset</u> | <u>Sales Proceeds</u> | <u>Gain on Sale</u> |
|-------------------|--------------------------|-----------------------|---------------------|
| Tarnng Bennet Yun | Transportation Equipment | \$10 | \$10 |

As of December 31, 2022: there were no such transactions.

2. Financing Status

The related party financing arrangements of the Group are as follows:

2023

| | <u>Maximum amount</u> | <u>End-of-period balance</u> | <u>Interest rate</u> | <u>Total interest income (expense)</u> | <u>End-of-period accounts receivable (payable) for interest</u> |
|--|-----------------------|------------------------------|----------------------|--|---|
| <u>Accounts payable (related-party financing, included in other pay ables - related parties)</u> | | | | | |
| Ding Hong International Investment | \$20,000 | \$— | 2.65% | \$(23) | \$— |

As of December 31, 2022: there were no such transactions.

3. The Remuneration of the Major Management Personnel of the Group

| | <u>2023</u> | <u>2022</u> |
|------------------------------|-------------|-------------|
| Short-term employee benefits | \$2,004 | \$2,468 |

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8. Pledged Assets

The Group has the following assets as collateral:

| Item | Carrying Amount | | Contents of Secured Debt |
|--------------------------------|-------------------|-------------------|--------------------------|
| | December 31, 2023 | December 31, 2022 | |
| Other current financial assets | \$55,269 | \$55,278 | short-term loans |
| Machinery equipment | 25,226 | — | long-term loans |
| Prepayments for Equipment | 10,794 | \$30,612 | long-term loans |
| | <u>\$91,289</u> | <u>\$85,890</u> | |

9. Significant Contingent Liabilities and Unrecognized Commitments

| | 2023 | 2022 |
|--|----------|----------|
| Inventory purchases ordered but not yet received | \$1,145 | \$469 |
| Acquisition of property, plant and equipment | \$17,977 | \$29,341 |
| Other purchases | \$130 | — |

10. Significant Disaster Losses

None.

11. Significant Subsequent Events

None.

12. Others

1. Categories of financial instruments

Financial assets

| | 2023.12.31 | 2022.12.31 |
|--|------------------|------------------|
| FVTPL: | | |
| MFVTPL | \$51,661 | \$52,084 |
| Amortized cost | | |
| Cash and cash equivalent(not including cash on hand) | 26,943 | 17,272 |
| Notes and accounts receivable | 17,505 | 19,028 |
| Other receivables | 857 | 1,061 |
| Other current financial assets | 55,269 | 55,278 |
| Subtotal | <u>100,574</u> | <u>92,639</u> |
| Total | <u>\$152,235</u> | <u>\$144,723</u> |

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Financial liabilities

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|--|-------------------|-------------------|
| Amortized cost: | | |
| Short-term loans | \$85,260 | \$85,264 |
| Accounts payable | 10,791 | 15,051 |
| Long-term loans(including current portion) | <u>36,700</u> | <u>19,889</u> |
| Total | <u>\$132,751</u> | <u>\$120,204</u> |

2. Financial risk management and policy

The primary objective of financial risk management for the Group is to manage market risk, credit risk, and liquidity risk related to the operational activities, and to identify, measure, and manage these risks according to the policies and risk preferences.

The Group has established appropriate policies, procedures, and internal controls in accordance with relevant regulations for the management of the aforementioned financial risks. Significant financial activities are subject to review by the board of directors and similar audit committee units in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Group must strictly comply with the relevant regulations for financial risk management that have been established.

3. Market risk

The market risk of the Group refers to the risk that the fair value or cash flows of its financial instruments may fluctuate due to market price changes. Market risks mainly include currency risk, interest rate risk, and other price risks.

In practice, it is rare for a single risk variable to change independently, and the changes in various risk variables are usually interrelated. However, the sensitivity analysis of each risk variable below does not consider the interactive effects of related risk variables.

(1)Currency risk

The Group's currency risk is mainly related to its operating activities (when the currency used for income or expenses is different from the Company's functional currency) and net investments in foreign operations.

For some foreign currency receivables and payables of the Group that are denominated in the same currency, a natural hedging effect is generated for the corresponding positions. For some other foreign currency items, forward foreign exchange contracts are used to manage currency risk. However, as the natural hedging and hedging through forward foreign exchange contracts do not comply with the hedge accounting requirements, the Company does not adopt hedge accounting for these items. In addition, the net investment in foreign operations is regarded as a strategic investment, and therefore, the Group does not hedge against it.

The sensitivity analysis of the Group's currency risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and analyzes the impact of a 1% increase or decrease in the relevant foreign currency exchange rate on the Group's income and equity. The Group's currency risk is mainly affected by fluctuations in the US dollar and the Chinese yuan. The sensitivity analysis information is as follows:

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- A. If the New Taiwan Dollar appreciates/depreciates by 1% against the US Dollar, it will result in a decrease of NT\$ 125,000 and NT\$34,000 in the net income of the Group for the fiscal year 2023 and 2022, respectively.
- B. If the New Taiwan Dollar appreciates/depreciates by 1% against the Chinese Yuan, it will result in a decrease of NT\$ 0 and NT\$10,000 in the net income of the Group for the fiscal year 2023 and 2022, respectively.

(2)Interest rate risk

The market risk of the Group refers to the risk that the fair value or cash flows of its financial instruments may fluctuate due to market price changes. Market risks mainly include currency risk, interest rate risk, and other price risks.

In practice, it is rare for a single risk variable to change independently, and the changes in various risk variables are usually interrelated. However, the sensitivity analysis of each risk variable below does not consider the interactive effects of related risk variables.

The sensitivity analysis of interest rate risk mainly focuses on the interest rate sensitive items as of the end of the financial reporting period, including floating rate investments and floating rate borrowings. Assuming a one-year accounting period, when the interest rate rises/falls by 10 reference points, the impact on the profit or loss of the Group for the years ended December 31, 2023 and 2022 will be a decrease of (NT\$398,000) and (NT\$327,000), respectively.

4.Credit Risk Management

Credit risk refers to the risk of financial loss due to the counterparty's failure to fulfill the obligations specified in the contract. The credit risk of this Group is mainly caused by business activities (mainly accounts receivable and notes) and financial activities (mainly bank deposits and various financial instruments).

Each unit of the Group follows the policies, procedures, and controls for credit risk management. All credit risk assessments consider factors such as the counterparty's financial condition, credit rating agencies' ratings, past transaction experiences, current economic environment, and internal rating standards of the Group. The Group also uses certain credit enhancement tools (such as prepayments and insurance) to reduce the credit risk of specific counterparties at appropriate times.

As of December 31, 2023 and 2022, the percentage of the top ten customers' accounts receivable to the Group's total accounts receivable was 81.5% and 77.7%, respectively. The credit concentration risk of other accounts receivable is relatively low.

The finance department of the Group manages the credit risk of bank deposits and other financial instruments in accordance with the Group's policy. The Group's counterparties are well-established domestic and foreign financial institutions, so there is no significant credit risk.

The Group uses IFRS 9 to evaluate expected credit losses, and the relevant information on credit risk assessment is as follows:

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| Category | Indicator | The method for measuring expected credit losses | Total Carrying Amount | |
|-------------------------|-----------|--|-----------------------|------------|
| | | | 2023.12.31 | 2022.12.31 |
| Simplified method(Note) | — | Expected credit losses during the remaining term | \$17,631 | \$19,177 |

Note: Include notes and accounts receivable.

5. Liquidity risk management

The Group maintains financial flexibility through cash and cash equivalents, highly liquid marketable securities, bank borrowings, and financing leases. The table below summarizes the contractual maturities of non-derivative financial liabilities of the Group as of the reporting date, based on the earliest date on which the payments are due and using undiscounted cash flows, including the agreed interest. For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the implied yield curve as of the end of the reporting period.

Non-derivative financial liabilities

| | Less than 1 Year | 2-3 Years | 4-5 Years | More Than 5 Years | Total |
|------------------|---------------------|--------------|--------------|----------------------|-----------|
| 2023.12.31 | | | | | |
| Loans | \$94,711 | 17,768 | 10,331 | — | \$122,810 |
| Accounts payable | \$9,941 | — | — | — | \$9,941 |

Non-derivative financial liabilities

| | Less than 1 Year | 2-3 Years | 4-5 Years | More Than 5 Years | Total |
|------------------|---------------------|--------------|--------------|----------------------|-----------|
| 2022.12.31 | | | | | |
| Loans | \$89,912 | 8,286 | 7,589 | — | \$105,787 |
| Accounts payable | \$14,417 | — | — | — | \$14,417 |

The disclosure of the table above regarding derivative financial liabilities is presented using the total undiscounted cash flow.

6. Adjustment of Liabilities from Financing Activities

Adjustment information of liabilities for the year 2023 as follows:

| | Short-term loans | Long-term loans | Total amount of liabilities from financing activities |
|-------------------------|------------------|-----------------|---|
| As of January 1, 2023 | \$85,264 | \$19,889 | \$105,153 |
| Cash flow | — | 16,811 | 16,811 |
| Non-cash change | (4) | — | (4) |
| As of December 31, 2023 | \$85,260 | \$36,700 | \$121,960 |

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Adjustment information of liabilities for the year 2022 as follows:

| | <u>Short-term loans</u> | <u>Long-term loans</u> | <u>Total amount of liabilities from financing activities</u> |
|-------------------------|-------------------------|------------------------|--|
| As of January 1, 2022 | \$28,085 | \$— | \$28,085 |
| Cash flow(Note) | 57,179 | 19,889 | 77,068 |
| Non-cash change | — | — | — |
| As of December 31, 2022 | <u>\$85,264</u> | <u>\$19,889</u> | <u>\$105,153</u> |

7. Fair Value of Financial Instruments

(1)Valuation technology and assumptions used to measure fair value of financial instruments.

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used by the Group to measure or disclose the fair value of financial assets and financial liabilities are as follows:

- a. Cash and cash equivalents, accounts receivable, deposits paid, accounts payable, and other current liabilities are measured at their carrying amounts, which approximate their fair values, primarily because these instruments have short maturities.
- b. Financial assets and financial liabilities that are traded in active markets and have standard terms and conditions, such as publicly traded stocks, securities, bonds, and futures, are measured using quoted market prices.
- c. Equity instruments that are not traded in active markets, such as privately placed stocks, stocks of public companies not traded in active markets, and stocks of unlisted companies, are measured using market-based methods. This involves estimating fair value using information such as prices of similar instruments that have been traded in active markets or other relevant information (such as discounts for lack of liquidity, price-to-earnings ratios of similar companies, and price-to-book ratios of similar companies).
- d. Debt instruments, investments, bank loans, corporate bonds, and other non-current liabilities that do not have quoted market prices are measured using valuation techniques that take into account the counterparty quotes or appropriate valuation techniques. Valuation techniques are based on discounted cash flow analysis, with assumptions for interest rates and discount rates obtained from similar instruments and relevant information (such as dividend yield curves from the TPEX, Reuters commercial paper rate average quotes, and credit risk).
- e. Derivative financial instruments that do not have quoted market prices are valued using counterparty quotes or using a discounted cash flow analysis based on dividend yield curves for the remaining term of the derivative. For options, counterparty quotes, appropriate option pricing models (such as Black-Scholes Model), or other valuation methods (such as Monte Carlo Simulation) are used to determine fair value.

(2)Fair Value of Financial Instruments Measured Using Amortized Cost

The carrying amount of financial assets and liabilities measured using amortized cost is considered to be a reasonable approximation of their fair values.

Mospec Semiconductor Corp. and subsidiaries
Notes to the Consolidated Financial Statements
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(3) Information on Fair Value Hierarchy of Financial Instruments

Please refer to Note 12-8 for the fair value hierarchy information for financial instruments of the Group.

8. Fair Value Hierarchy

(1) Definition of Fair Value Hierarchy

All assets and liabilities measured or disclosed at fair value are classified into their respective levels within the fair value hierarchy based on the significance of the inputs used in measuring the fair value of the asset or liability. The three levels of inputs are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(2) Fair Value Measurement Hierarchy Information

The Company did not have any non-recurring assets measured at fair value, and the fair value hierarchy information for recurring assets and liabilities is as follows:

As of December 31, 2023:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Financial assets measured at fair value: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Share | \$51,661 | \$— | \$— | \$51,661 |

As of December 31, 2022:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Fair value measured financial assets: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Share | \$52,084 | \$— | \$— | \$52,084 |

Transition between Level 1 and Level 2 of the fair value hierarchy

There were no transitions between Level 1 and Level 2 of the fair value hierarchy for the recurring fair value measurements of assets and liabilities for 2023 and 2022.

Details of changes in fair value measurements categorized within Level 3 of the fair value

The adjustments to the beginning and ending balances of the Level 3 financial assets and liabilities that were measured at fair value on a recurring basis by the Group are presented below:

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | Asset |
|-------------------------|-----------------------------------|
| | Fair Value through Profit or Loss |
| | Share |
| As of January 1, 2023 | \$— |
| (Transferred) Level 3 | \$— |
| As of December 31, 2023 | \$— |

| | Asset |
|-------------------------|-----------------------------------|
| | Fair Value through Profit or Loss |
| | Share |
| As of January 1, 2022 | \$6,796 |
| (Transferred) Level 3 | (6,796) |
| As of December 31, 2022 | \$— |

9. Information on Financial Assets and Liabilities in Foreign Currencies with Significant Effect

The significant foreign currency financial assets and liabilities information of the Group is as follows:

| | As of December 31, 2023 | | |
|----------------------------|-------------------------|---------------|-------------------|
| | Foreign Currency | Exchange Rate | New Taiwan Dollar |
| <u>Financial asset</u> | | | |
| Currency: | | | |
| US dollar | \$2,221 | 30.7050 | \$68,186 |
| Chinese Yuan | \$9 | 4.3270 | \$39 |
| <u>Financial liability</u> | | | |
| Currency: | | | |
| US dollar | \$1,800 | 30.7050 | \$55,269 |

| | As of December 31, 2022 | | |
|----------------------------|-------------------------|---------------|-------------------|
| | Foreign Currency | Exchange Rate | New Taiwan Dollar |
| <u>Financial asset</u> | | | |
| Currency: | | | |
| US dollar | \$1,992 | 30.7100 | \$61,174 |
| Chinese Yuan | \$231 | 4.4080 | \$1,018 |
| <u>Financial liability</u> | | | |
| Currency: | | | |
| US dollar | \$1,880 | 30.7100 | \$57,735 |

The above information is disclosed based on the foreign currency book amounts (converted to the functional currency).

Due to the wide variety of functional currencies used in foreign currency transactions by the Group, it is not feasible to disclose the impact of each significant foreign currency separately. Therefore, the gains and losses on exchange of each currency are aggregated and disclosed. In 2023 and 2022, the Group had losses of 1,816,000 and gains of 233,000, respectively, on the exchange of monetary financial assets and financial liabilities.

10. Capital Management

The primary objective of capital management for the Group is to ensure a sound credit rating and favorable financing costs, in order to support business operations and maximize shareholder equity. The Group manages and adjusts its capital structure based on operating and economic conditions, and may achieve the goal of maintaining and adjusting its capital structure by adjusting dividend payments, returning capital, or issuing new shares.

13. Addition Disclosure

1. Information related to Significant Transactions

- (1)Financings provided: See Table 1 attached;
- (2)Endorsement/guarantee provided: See Table 2 attached;
- (3)Marketable securities held: See Table 3 attached;
- (4)Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (5)Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- (6)Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (7)Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
- (8)Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- (9)Information about the derivative financial instruments transaction: None.
- (10)The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 4 attached.

2. Information on Investees

For companies that the Group has invested in and directly or indirectly exerts significant influence, control, or joint control outside of Mainland China, the name, location, main business, original investment amount, year-end shareholding, current period profit or loss, and investment gains or losses recognized should be disclosed. Please refer to Table 5 for details.

3. Investment information in Mainland China

- (1)Investment information in Mainland China: please refer to Table 6.
- (2)Significant transaction matters with the subsidiaries in Mainland China directly or indirectly through third-party territories, as well as their prices, payment terms, and unrealized gains or losses:
 - a. Purchased amount and percentage, as well as the year-end balance and percentage of related payables: please refer to Table 7 for details.
 - b. Sales amount and percentage, as well as the year-end balance and percentage of related receivables: please refer to Table 7 for details.
 - c. Property transaction amount and the resulting gain or loss amount: None.
 - d. End-of-period balance and purpose of notes endorsed/guaranteed or provided with collateral: None.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

- e. Maximum balance, year-end balance, interest rate range, and total interest amount for financing: None.
- f. Other significant transaction matters that have a significant effect on current profit or financial position: None.

4. Information of Major Shareholders : please refer to Table 8.

14. Segments Information

1. The operational segment information is provided to the main operational decision-makers for resource allocation and performance evaluation purposes. The primary operational decision-maker of the Group considers the Group as a single operational segment and uses Group-wide information for resource allocation and performance evaluation, hence there is no need to disclose the profit or loss, assets, and liabilities information of operational segments.

2. Geographic information

(1) Revenue from external customers: Revenue is classified based on the country where the customer is located.

| Nation | 2023 | 2022 |
|-----------|----------|----------|
| China | \$33,982 | \$47,533 |
| Hong kong | 10,068 | 8,847 |
| Korea | 5,718 | 11,116 |
| India | 3,873 | 5,137 |
| Singapore | 2,356 | 3,322 |
| Taiwan | 1,933 | 4,186 |
| Other | 5,149 | 11,729 |
| Total | \$63,079 | \$91,870 |

(2) Non-Current Assets:

| Nation | As of December 31, 2023 | As of December 31, 2022 |
|--------|----------------------------|----------------------------|
| China | \$160,648 | \$138,697 |
| Taiwan | 319,412 | 325,988 |
| Total | \$480,060 | \$464,685 |

Non-current assets do not include financial instruments and deferred tax assets.

3. Major Customers Information

The sales amounts to a single customer, which accounted for more than 10% of the net revenue in the fiscal years 2023 and 2022, are as follows:

| Customer | 2023 | | 2022 | |
|-----------|----------|---------------------------|----------|---------------------------|
| | Amount | Percentage of sales(%) | Amount | Percentage of sales(%) |
| Company A | \$15,065 | 24% | \$18,024 | 20% |
| Company B | 7,170 | 11% | — | — |

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements
(Expressed in thousands of NTS, unless otherwise indicated)
Loans to others

Table 1

| Number (Note 1) | Creditor | Borrower | General ledger account (Note 2) | Is a related party | Maximum outstanding balance during the year ended December 31, 2023 (Note 3) | Balance at December 31, 2023 | Actual amount drawn down | Interest rate | Nature of loan (Note 4) | Amount of transactions with borrower (Note 5) | Reason for short-term financing (Note 6) | Allowance for doubtful accounts | Collateral | | Limit on loans granted to a single party | Ceiling on total loans granted | Footnote |
|--------------------|-------------|---------------------------------------|----------------------------------|--------------------|--|------------------------------|--------------------------|---------------|-------------------------|---|--|---------------------------------|------------|-------|--|--------------------------------|-------------|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | The Company | H&M Semiconductor (Sichuan) Co., Ltd. | Receivables from related parties | Y | \$151,445 | \$64,905 | \$54,079 | — | 2 | — | Working capital requirement | — | — | — | \$185,333 | \$185,333 | (Note 7, 9) |

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'

Note 2: Fill in the name of account in which the loans are recognized, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2023

Note 4: The column of "Nature of loan" shall fill in:

(1) "Business transaction" is 1.

(2) "Short-term financing" is 2.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current period.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: The Company's operational procedures for making loans to others stipulate that the total amount of external loans provided by the Company shall not exceed 40% of the net equity. However, this limitation does not apply to foreign companies in which the Company directly or indirectly holds 100% of voting shares.

For a single company, loans shall not exceed 40% of the Company's net equity.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

Note 9: This transaction was written off when the consolidated financial statements were prepared.

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements

(Expressed in thousands of NT\$, unless otherwise indicated)

Guarantees and endorsements for other parties

Table 2

| Number (Note 1) | Endorser/Guarantor | Party being endorsed/guaranteed | | Limit on endorsements/ guarantees provided for a single party (Note 3) | Maximum outstanding endorsement / guarantee amount during the period(Note 4) | Outstanding endorsement/ guarantee amount at December 31, 2021(Note 5) | Actual amount drawn down (Note 6) | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/guarantees amount to net asset value of the endorser/guarantor company | Ceiling on total amount of endorsement s/guarantees provided (Note 3) | Provision of endorsements/ guarantees by parent company to subsidiary (Note 7) | Provision of endorsements/ guarantees by subsidiary to parent company (Note 7) | Provision of endorsements/ guarantees to the party in Mainland China (Note 7) |
|--------------------|----------------------------------|--|--|--|--|---|---|--|--|--|---|---|---|
| | | Company name | Relationship with the endorser/guarantor(Note 2) | | | | | | | | | | |
| 0 | Mospec Semiconductor Corp. | H&M Semiconductor(Sichuan) Co., Ltd. | 2 | \$92,667 | \$55,269 | \$55,269 | \$55,269 | \$55,269 | 11.93% | \$92,667 | Y | N | Y |

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) Subsidiary which owned more than 50 percent by the guarantor.
- (3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
- (4) The parent company that directly or indirectly through its subsidiaries holds more than 50% of the common stock equity of the company.
- (5) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7)The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to the operational procedures for endorsement guarantee, when the Company directly or indirectly holds more than 90% of the ordinary voting shares, it may provide endorsement guarantee up to 10% of the Company's latest net worth in order to ensure the amount of money. However, there is no such limit for endorsement guarantee between companies in which the Company directly or indirectly holds 100% of the voting shares. However, the amount of endorsement guarantees shall not exceed 20% of the net worth of the latest financial statements of the Company. Based on the net value of the Company as of December 31, 2023, which is NT\$ 463,333,000, the limit for endorsing guarantees to a single enterprise is NT\$ 92,667,000 or 20% of the net value, whichever is lower. The maximum limit for endorsing guarantees is also NT\$ 463,333,000 or 20% of the net value as of December 31, 2023.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: The amount approved by the Board of Directors should be filled in. However, if the Chairman is authorized to decide on the matter in accordance with Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount determined by the Chairman.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements

(Expressed in thousands of NT\$, unless otherwise indicated)

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Table 3

| Securities held by | Category of Marketable Securities (Note 1) | Name of Marketable Securities(Note 1) | Relationship with the securities issuer(Note 2) | General ledger account | As of December 31, 2023 | | | | Footnote |
|----------------------------|--|---|---|--|-------------------------|---------------------|---------------|------------|----------|
| | | | | | Number of shares | Book value (Note 3) | Ownership (%) | Fair value | |
| Mospec Semiconductor Corp. | NASDAQ-listed stocks in the United States | Hoku Scientific Inc. | — | Financial asset measured at fair value through profit/loss | 24 | — | — | — | — |
| | Unlisted (OTC) stocks | Luxtaltek Corporation | — | Financial asset measured at fair value through profit/loss | 27,660 | — | — | — | — |
| | Emerging stock market shares | Taiwan Speciality Chemicals Corporation | — | Financial asset measured at fair value through profit/loss | 595,583 | \$51,661 | 0.43% | \$51,661 | — |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9, "Financial instruments: recognition and measurement".

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: As it is a financial product, there is no shares or ownership percentage.

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements
(Expressed in thousands of NT\$, unless otherwise indicated)
Significant inter-company transactions during the reporting periods

Table 4

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction(Note 4) | | | |
|--------------------|----------------------------|---|--------------------------|---------------------------|--------------------|--|--|
| | | | | General ledger account | Amount (Note 4) | Transaction terms | Percentage of consolidated total operating revenues or total assets(Note 3) |
| 0 | Mospec Semiconductor Corp. | H&M Semiconductor(Sichuan) Co., Ltd. | 1 | Sale | 1,917 | There is no comparable transaction with unrelated parties for the sales price. Net 4 to 10 months from the end of the month upon issuance of invoice. | 3% |
| | | | | Purchase | 21,467 | There is no comparable transaction with unrelated parties for the purchase price. Net 4 to 10 months from the end of the month upon issuance of invoice. | 34% |
| | | | | Other receivables | 54,079 | Fund financing | 8% |

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; Fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts

Note 4: This transaction was written off when the consolidated financial statements were prepared.

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements
(Expressed in thousands of NT\$, unless otherwise indicated)
Information on investees (not including investee company of Mainland China)

Table 5

| Investor | Investee (Note 1, Note 2) | Location | Main business activities | Currency | Initial investment amount(thousand dollar) | | Shares held as of December 31, 2022 | | | Net profit (loss) of the investee For the year ended December 31, 2023 (Note 2) | Investment profit (loss) recognized by the Company For the year ended December 31, 2023 (Note 3) | Footnote |
|-------------|------------------------------|--|--------------------------|----------|--|---------------------------------|-------------------------------------|---------------|------------|---|--|----------|
| | | | | | Balance as of December 31, 2023 | Balance as of December 31, 2022 | Number of shares | Ownership (%) | Book value | | | |
| The Company | NHM B.V.I. Holdings Ltd. | Quastishy Building P.O.Box 4389, Road Town, Tortola, British Virgin Islands. | Reinvestment activities | NTD | \$466,874 | \$466,874 | 10,804,742 | 100.00% | \$73,731 | \$(24,034) | \$(23,716) | (Note 4) |

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of "Investee", "Location", "Main business activities", "Initial investment amount" and "Shares held as at December 31, 2023" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the "footnote" column.
- (2) The "Net profit (loss) of the investee for the year ended December 31, 2023" column should fill in amount of net profit (loss) of the investee for this period.
- (3) The "Investment profit (loss) recognized by the Company for the year ended December 31, 2023" column should fill in the Company (public company) recognized investment profit(loss) of its direct subsidiary and recognized investment profit (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment profit (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment profit (loss) which shall be recognised by regulations.

Note 3: The investment profit (loss) recognized by the Company include unrealized profit (loss) between affiliates.

Note 4: This transaction was written off when the consolidated financial statements were prepared.

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements
(Expressed in thousands of NT\$, unless otherwise indicated)
Information on investments in Mainland China

Table 6

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note 1) | Accumulated outflow of investment from Taiwan as of 2023/1/1 | Investment flows for the period | | Accumulated outflow of investment from Taiwan as of December 31, 2023 | Net income (losses) of the investee | Ownership held by the Company (direct or indirect) (%) | Investment income(loss) recognized by the Company for the year ended December 31, 2023(Note 2) | Book value of investments in Mainland China as of December 31, 2023 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023 |
|---|---|-------------------------------|-------------------------------|--|---|--------|---|-------------------------------------|--|--|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| H&M Semiconductor (Sichuan) Co., Ltd. | Manufacturing and sales of cutting-edge electronic components, as well as the trading of solar cell wafers. | \$296,190 (US\$10,000,000) | 2 NHM B.V.I. Holdings Ltd. | \$296,190 | \$— | \$— | \$296,190 | \$(23,470) | 100.00% | \$(23,470) | \$49,402 | \$— |
| Accumulated Investment in Mainland China as of December 31, 2023 | | | | | Investment Amounts Authorized by Investment Commission, MOEA | | | | | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA(Note 3) | | |
| \$296,190 (US\$10,000,000) | | | | | \$296,190 (US\$10,000,000) | | | | | \$278,000 (Net worth \$463,333,000*60%) | | |

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China
- (2) Through investing in an existing company, in the third area (please specify the investing company in that third region).
- (3) Others

Note 2: The financial statements that are audited and attested by R.O.C. parent company's CPA.

Note 3: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Company's net worth.

Note 4: This transaction was written off when the consolidated financial statements were prepared.

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements

(Expressed in thousands of NT\$, unless otherwise indicated)

Information on Amount and percentage of purchases (sales) and the ending balance percentage of related accounts payable (receivable) in Mainland China

Table 7

| Purchaser/Seller | Counterparty | Relationship with the counterparty | Transaction Status | | | | Differences in transaction terms compared to third party transactions | | Notes/accounts receivable (payable) | | Footnote |
|------------------|---------------------------------------|------------------------------------|--------------------|-----------|-------------------------------------|-------------|---|----------------|-------------------------------------|---|----------|
| | | | Purchases/sales | Amount | Percentage of total purchases/sales | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | |
| The Company | H&M Semiconductor (Sichuan) Co., Ltd. | Its subsidiaries | Sale | (\$1,917) | (6%) | | Not applicable | Not applicable | — | — | (Note) |
| | | | Purchase | \$21,467 | 99% | | Not applicable | Not applicable | — | — | |

Note: This transaction was written off when the consolidated financial statements were prepared.

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements

(Expressed in thousands of NT\$, unless otherwise indicated)

Major shareholders information

Table 8

| Major Shareholder | Number of shares held | Ownership (%) |
|---|-----------------------|---------------|
| Dinghong International Investment Co., Ltd. | 8,735,109 | 23.60% |
| Mingpei Investment Co., Ltd. | 2,320,579 | 6.27% |
| Pi-Lien, Hsieh | 2,140,802 | 5.78% |

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept in trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

Stock Code: 2434

Mospec Semiconductor Corp.
Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report

Address:No. 76, Zhongshan Rd., Xinshi Dist., Tainan City

Telephone:(06)599-1621

Parent Company Only Financial Statements

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Independent Auditors' Report

The Board of Directors and Shareholders
Mospec Semiconductor Corp.

Opinion

We have audited the accompanying parent company only financial statements of Mospec Semiconductor Corporation and its subsidiaries (the "Company"), which comprise the parent company only balance sheets as of the December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our reports. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC and we are fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have identified the following key audit matters to be communicated in the audit report:

Inventory Evaluation

As of December 31, 2023, the net inventory of Mospec Semiconductor Corporation was NT\$5,904,000, accounting for 1% of the total assets. The above-mentioned inventory is measured at the lower of cost or net realizable value and involves significant accounting estimates and judgments by management. The book value of inventory is considered material to the parent company only financial statements, and therefore, we have determined it as a key audit matter.

Our procedures include (but are not limited to) evaluating the appropriateness of the inventory valuation accounting policy; observing inventory counting on site to confirm the quantity and condition of the inventory; testing the accuracy of inventory aging and analyzing the appropriateness of the provision for slow-moving and obsolete inventory; evaluating the analysis and assessment made by management regarding slow-moving and obsolete inventory, including the possibility of inventory realization and the estimation of net realizable value; and testing whether the provision for

inventory write-down to net realizable value is appropriate. We also consider the appropriateness of inventory disclosure in Notes 5 and 6 of the consolidated financial statements.

Revenue Recognition

Mospec Semiconductor Corporation and its subsidiaries primarily derive their revenue from the manufacturing and sale of diode and transistor products. Due to the need for judgment in determining performance obligations and their fulfillment timing based on the content of orders and customary business practices, we have deemed this a key audit matter.

The auditor's procedures include (but are not limited to) evaluating the appropriateness of revenue recognition accounting policies, understanding and testing the effectiveness of the internal control established by management for revenue recognition; performing analytical procedures on gross profit margin; selecting samples to perform transaction detail testing and reviewing significant terms and conditions in contracts; performing cut-off testing and subsequent review to confirm that revenue is recognized in the correct period. In addition, we also consider the appropriateness of disclosure related to operation revenue in Note 4 and Note 6 of the financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management's responsibility is to prepare the parent company only financial statements that fairly present the financial position in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For and on behalf of Ernst & Young Global Limited, Taiwan
The competent authority approves the public issuance of the
company's financial report
Approved-certified No.:Jin-Guan-Certificate No. 1010045851
No.:Jin-Guan-Certificate No. 1040030902

Accountant: Li, Feng-Wen
Qiu, Wan-Ru

March 7, 2024

Mospec Semiconductor Corporation
PARENT COMPANY ONLY BALANCE SHEETS
As of December 31, 2023 and 2022

Unit: NT\$: thousands

| ASSETS | | | December 31, 2023 | | December 31, 2022 | | LIABILITIES AND EQUITY | | | | | December 31, 2023 | | December 31, 2022 | |
|--------|---|-----------------|-------------------|-----|-------------------|-----|------------------------|--|------------------|-----------|------|-------------------|-----|-------------------|--|
| Code | Accounting Item | Note | Amount | % | Amount | % | Code | Accounting Item | Note | Amount | % | Amount | % | | |
| | CURRENT ASSETS | | | | | | | CURRENT LIABILITIES | | | | | | | |
| 1100 | Cash and cash equivalents | 4 and 6.1 | \$15,878 | 3 | \$13,542 | 2 | 2100 | Short-term loans | 6.10 | \$30,000 | 5 | \$30,000 | 5 | | |
| 1110 | Financial assets at fair value through profit or loss | 4 and 6.2 | 51,661 | 9 | 52,084 | 8 | 2130 | Contract Liabilities - Current | | 31 | 0 | - | - | | |
| 1150 | Notes receivable, net | 4 and 6.3, 16 | 25 | 0 | 10 | 0 | 2170 | Accounts payable | | - | - | 54 | 0 | | |
| 1170 | Accounts receivable, net | 4 and 6.4, 16 | 4,555 | 1 | 4,072 | 1 | 2220 | Other accounts payable | | 3,964 | 1 | 7,175 | 1 | | |
| 1200 | Other accounts receivable | 7 | 201 | 0 | 97 | 0 | 2322 | Current portion of longterm liabilities | 4 and 6.11 | 8,600 | 1 | 4,014 | 1 | | |
| 1210 | Other receivables from related parties | 7 | 54,079 | 9 | 52,423 | 9 | 2360 | Net defined benefit liability | 4 and 6.12 | 1,016 | 0 | 1,069 | 0 | | |
| 1220 | Current tax assets | | 289 | 0 | 81 | 0 | 2399 | Other current liabilities | | 105 | 0 | 373 | 0 | | |
| 130x | Inventories | 4 and 6.5 and 8 | 5,904 | 1 | 6,733 | 1 | 21xx | Total current liabilities | | 43,716 | 7 | 42,685 | 7 | | |
| 1476 | Other current financial assets | 8 | 55,269 | 9 | 55,278 | 9 | | | | | | | | | |
| 1479 | Other current assets | 4 | 3,548 | 1 | 3,660 | 1 | | NON-CURRENT LIABILITIES | | | | | | | |
| 11xx | Total current assets | | 191,409 | 33 | 187,980 | 31 | 2540 | Long-term loans | 4 and 6.11 and 7 | 28,100 | 5 | 15,875 | 3 | | |
| | NON-CURRENT ASSETS | | | | | | 2550 | Non-current provisions | 4 and 6.13 | 6,601 | 1 | 10,411 | 2 | | |
| 1550 | Investments accounted for using equity method | 4 and 6.6 | 73,731 | 13 | 98,403 | 16 | 2570 | Deferred tax liabilities | 4 and 6.21 | 46,212 | 8 | 46,212 | 7 | | |
| 1600 | Property, plant and equipment | 4 and 6.7 and 7 | 306,978 | 52 | 282,769 | 46 | 25xx | Total non-current liabilities | | 80,913 | 14 | 72,498 | 12 | | |
| 1840 | Deferred income tax assets | 4 and 6.21 | 3,410 | 0 | 3,410 | 0 | 2xxx | Total liabilities | | 124,629 | 21 | 115,183 | 19 | | |
| 1900 | Other non-current assets | 6.9 and 8 | 12,434 | 2 | 43,219 | 7 | | | | | | | | | |
| 15xx | Total non-current assets | | 396,553 | 67 | 427,801 | 69 | | EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT | | | | | | | |
| | | | | | | | 3100 | Capital stock | 6.14 | | | | | | |
| | | | | | | | 3110 | Capital - common stock | | 370,000 | 63 | 370,000 | 60 | | |
| | | | | | | | 3200 | Capital surplus | 6.14 | 193,260 | 33 | 193,260 | 31 | | |
| | | | | | | | 3300 | Retained earnings | 6.14 | | | | | | |
| | | | | | | | 3350 | Accumulated deficit | | (91,841) | (16) | (55,532) | (9) | | |
| | | | | | | | | Total retained earnings | | (91,841) | (16) | (55,532) | (9) | | |
| | | | | | | | 3400 | Other equity interest | | (8,086) | (1) | (7,130) | (1) | | |
| | | | | | | | 3xxx | Total equity | | 463,333 | 79 | 500,598 | 81 | | |
| 1xxx | Total assets | | \$587,962 | 100 | \$615,781 | 100 | | Total liabilities and equity | | \$587,962 | 100 | \$615,781 | 100 | | |

Please refer to the Notes in the consolidated financial statements

Chairman: Wong, Shu-Jen

Manager: Tarnq, Bennet-Yun

Accounting Executive: Yen, Yung-Sen

Mospec Semiconductor Corporation

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

Unit: NT\$: thousands

| Code | Accounting Item | Note | 2023 | | 2022 | |
|------|--|------------------|------------|-------|------------|-------|
| | | | Amount | % | Amount | % |
| 4000 | OPERATING REVENUE | 4 and 6.15 and 7 | \$30,696 | 100 | \$47,651 | 100 |
| 5000 | OPERATING COSTS | 4 and 6.18 and 7 | (24,323) | (79) | (43,915) | (92) |
| 5900 | GROSS PROFIT FROM OPERATIONS | | 6,373 | 21 | 3,736 | 8 |
| 5910 | Unrealized gain (loss) from sale | | (5,795) | (19) | (6,113) | (13) |
| 5920 | Realized gain (loss) from sale | | 6,113 | 20 | 6,465 | 14 |
| 5950 | Gross profit (loss) from operations | | 6,691 | 22 | 4,088 | 9 |
| 6000 | OPERATING EXPENSES | 4 and 6.18 | | | | |
| 6100 | Selling expenses | | (4,919) | (16) | (6,079) | (13) |
| 6200 | Administrative expenses | | (25,184) | (82) | (29,496) | (62) |
| 6300 | Research and development expenses | 4 | (7,934) | (26) | (5,099) | (11) |
| 6450 | Expected credit loss (gain) | 4 and 6.16 | (4) | 0 | 46 | 0 |
| | Total operating expenses | | (38,041) | (124) | (40,628) | (86) |
| 6900 | Net operating income (loss) | | (31,350) | (102) | (36,540) | (77) |
| 7000 | NON-OPERATING INCOME AND EXPENSES | | | | | |
| 7100 | Interest income | 6.19 | 2,941 | 10 | 1,046 | 2 |
| 7010 | Other income | 6.19 | 3,190 | 10 | 3,452 | 7 |
| 7020 | Other gains and losses | 6.19 | 14,413 | 47 | 48,375 | 102 |
| 7050 | Finance costs | 6.19 and 7 | (1,469) | (5) | (729) | (2) |
| 7070 | Share of profits of subsidiaries and associates for using equity method | 4 and 6.6 | (24,034) | (78) | (50,559) | (106) |
| | Total non-operating income and expenses | | (4,959) | (16) | 1,585 | 3 |
| 7900 | PROFIT(LOSS) BEFORE TAX | | (36,309) | (118) | (34,955) | (74) |
| 7950 | Tax income | 6.21 | - | - | - | - |
| 8000 | Profit (loss) from continuing operations | | (36,309) | (118) | (34,955) | (74) |
| 8200 | Profit (loss) | | (36,309) | (118) | (34,955) | (74) |
| 8300 | Other comprehensive income | 6.20 | | | | |
| 8360 | Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences on translation | | (956) | (3) | 5,156 | 11 |
| | Other comprehensive income(loss), net | | (956) | (3) | 5,156 | 11 |
| 8500 | Total comprehensive income | | \$(37,265) | (121) | \$(29,799) | (63) |
| | EARNINGS PER SHARE (NT\$) | | | | | |
| 9750 | Basic earnings per share | 4 and 6.22 | \$(0.98) | | \$(0.94) | |

Please refer to the Notes in the consolidated financial statements

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Mospec Semiconductor Corporation

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

Unit: NT\$: thousands

| Code | Item | Capital - Common Stock | Capital Surplus | Retained Earnings | Others | Total Equity |
|------|-----------------------------------|------------------------|------------------|--|---|------------------|
| | | | | Unappropriated retained earnings (accumulated deficit) | Exchange differences on translation of foreign financial statements | |
| | | 3110 | 3200 | 3350 | 3410 | 3xxx |
| A1 | BALANCE, JANUARY 1, 2022 | \$370,000 | \$193,260 | \$(20,577) | \$(12,286) | \$530,397 |
| D1 | Net income (loss) | – | – | (34,955) | – | (34,955) |
| D3 | Net comprehensive income (loss) | – | – | – | 5,156 | 5,156 |
| D5 | Total comprehensive income (loss) | – | – | (34,955) | 5,156 | (29,799) |
| Z1 | BALANCE, DECEMBER 31, 2022 | <u>\$370,000</u> | <u>\$193,260</u> | <u>\$(55,532)</u> | <u>\$(7,130)</u> | <u>\$500,598</u> |
| A1 | BALANCE, JANUARY 1, 2023 | \$370,000 | \$193,260 | \$(55,532) | \$(7,130) | \$500,598 |
| D1 | Net income (loss) | – | – | (36,309) | – | (36,309) |
| D3 | Net comprehensive income (loss) | – | – | – | (956) | (956) |
| D5 | Total comprehensive income (loss) | – | – | (36,309) | (956) | (37,265) |
| Z1 | BALANCE, DECEMBER 31, 2023 | <u>\$370,000</u> | <u>\$193,260</u> | <u>\$(91,841)</u> | <u>\$(8,086)</u> | <u>\$463,333</u> |

Please refer to the Notes in the consolidated financial statements

Chairman: Wong, Shu-Jen

Manager: Tarng, Bennet-Yun

Accounting Executive: Yen, Yung-Sen

Mospec Semiconductor Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

Unit: NTS: thousands

| Code | Item | 2023 | 2022 | Code | Item | 2023 | 2022 |
|--------|---|------------|------------|--------|---|----------|----------|
| | | Amount | Amount | | | Amount | Amount |
| AAAA | CASH FLOWS FROM OPERATING ACTIVITIES | | | BBBB | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| A10000 | Net income before tax | \$(36,309) | \$(34,955) | B02800 | Proceeds from disposal of property, plant and equipment | 20,024 | - |
| A20000 | Adjustments: | | | B06500 | Increase in other financial assets | - | (55,278) |
| A20010 | Adjustments to reconcile profit (loss) | | | B06600 | Decrease in other financial assets | 9 | - |
| A20100 | Depreciation expense | 12,313 | 12,333 | B07100 | Increase in prepayments for business facilities | (6,423) | (24,665) |
| A20200 | Amortization expense | - | 693 | B07200 | Decrease in prepayments for business facilities | 48 | - |
| A20300 | Expected credit loss (gain) | 4 | (46) | BBBB | Net cash flows used in investing activities | 13,658 | (79,943) |
| A20400 | Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 423 | (45,288) | | | | |
| A22500 | Loss (gain) on disposal of property, plan and equipment | (19,386) | - | CCCC | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| A20900 | Interest expense | 1,469 | 729 | C00100 | Increase in short-term loans | 60,000 | 30,000 |
| A21200 | Interest income | (2,941) | (1,046) | C00200 | Decrease in short-term loans | (60,000) | - |
| A22300 | Share of Losses of Subsidiaries Accounted for Using the Equity Method | 24,034 | 50,559 | C01600 | Proceeds from long-term loans | 23,256 | 20,840 |
| A23900 | Unrealized gain (loss) from sale | 5,795 | 6,113 | C01700 | Repayment of long-term loans | (6,445) | (951) |
| A24000 | Realized gain (loss) from sale | (6,113) | (6,465) | C03700 | Increase in Other Payable - Related Parties | 20,000 | - |
| A29900 | Loss (gain) from price recovery of inventory | (2,664) | 2,117 | C03800 | Decrease in Other Payable - Related Parties | (20,000) | - |
| A20010 | Total reconcile profit (loss) | 12,934 | 19,699 | CCCC | Net cash flows from financing activities | 16,811 | 49,889 |
| A30000 | Changes in operating assets and liabilities | | | EEEE | NET INCREASE IN CASH AND CASH EQUIVALENTS | 2,336 | (76,405) |
| A31000 | Changes in operating assets | | | E00100 | Cash and cash equivalents at beginning of period | 13,542 | 89,947 |
| A31130 | Decrease (increase) in notes receivable | (15) | 157 | E00200 | Cash and cash equivalents at end of period | \$15,878 | \$13,542 |
| A31150 | Decrease in accounts receivable | (487) | 5,650 | | | | |
| A31160 | Receivables from related parties | - | 19,809 | | | | |
| A31180 | Other receivables | (104) | 5,365 | | | | |
| A31190 | Other receivables from related parties | (1,656) | (52,423) | | | | |
| A31200 | Increase (decrease) in inventories | 3,493 | 210 | | | | |
| A31240 | Other current assets | 112 | (2,371) | | | | |
| A32000 | Changes in operating liabilities | | | | | | |
| A32125 | Increase in contract liabilities | 31 | - | | | | |
| A32150 | Decrease in accounts payable | (54) | (1,612) | | | | |
| A32160 | Decrease accounts payable to related parties | - | (4,246) | | | | |
| A32180 | Increase in other payable | (3,225) | 2,754 | | | | |
| A32200 | Decrease in provisions | (3,810) | (4,509) | | | | |
| A32230 | Adjustments for increase (decrease) in other current liabilities | (268) | (201) | | | | |
| A32240 | Increase (decrease) in net defined benefit liability | (53) | 59 | | | | |
| A30000 | Total changes in operating assets and liabilities | (6,036) | (31,358) | | | | |
| A33000 | Cash inflow (outflow) generated from operations | (29,411) | (46,614) | | | | |
| A33100 | Interest received | 2,941 | 1,046 | | | | |
| A33300 | Interest paid | (1,455) | (702) | | | | |
| A33500 | Income taxes paid | (208) | (81) | | | | |
| AAAA | Net cash flows used in operating activities | (28,133) | (46,351) | | | | |

Please refer to the Notes in the consolidated financial statements

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and organization

- (1) Mospec Semiconductor Corp. (the "Company") was established and approved in March, 1987 in Gangqian Village, Xinshi District, Tainan City, at No. 76 Zhongshan Road. The Company primarily engages in the manufacturing, processing, and sales of power transistors, diodes, and solar cell wafers.
- (2) The Company's shares were approved for trading on the Taipei Exchange in November, 1998 and subsequently received approval to be listed and traded on the Taiwan Stock Exchange in September, 2000.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were approved by the Board of Directors on March 7, 2024.

3. Newly issued or revised standards and interpretations

- (1) Accounting policy changes resulting from the first-time adoption of IFRS.

The Company has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations or Interpretations (IFRIC), approved by the Financial Supervisory Commission (FSC) and applicable for accounting years beginning on or after January 1, 2023, which did not have a significant impact on the Group upon first-time application.

- (2) As of the publication date of the financial report, the Company has not yet adopted the following new standards, interpretations and amendments recognized by the FSC that have been issued by the International Accounting Standards Board:

| Item | New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|------|--|--|
| 1 | Amendments to IAS 1, "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| 2 | Amendments to IFRS 16, "Lease Liability in Sale and Leaseback Transactions" | January 1, 2024 |
| 3 | Amendments to IAS 1, "Non-current Liabilities within Contracts" | January 1, 2024 |
| 4 | Amendments to IAS 7 and IFRS 7, "Supplier Finance Arrangements" | January 1, 2024 |

1. Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"

The Classification addresses revisions made to paragraphs 69 to 76 of International Accounting Standard 1 "Presentation of Financial Statements," specifically regarding the classification of liabilities as current or non-current.

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2. Amendments to IFRS 16, “Lease Liability in Sale and Leaseback Transactions”

The amendment focuses on IFRS 16 "Leases" and introduce additional accounting treatments for lessors acting as sellers and lessees in sale and leaseback transactions to enhance consistency in the application of the standard.

3. Amendments to IAS 1, “Non-current Liabilities within Contracts”

The amendment aims to enhance the disclosure of long-term debt contracts by clarifying that contractual terms that require compliance for at least twelve months after the reporting period do not affect the classification of those liabilities as current or non-current at the end of the reporting period.

4. Amendments to IAS 7 and IFRS 7, “Supplier Finance Arrangements”

The amendment provides additional guidance on supplier finance arrangements and introduce new disclosures related to such arrangements.

The above are new standards, interpretations and amendments issued by the International Accounting Standards Board and approved by the FSC, applicable to accounting periods beginning on or after January 1, 2024. The Company has evaluated these new standards, interpretations or amendments, and has determined that they will not have a significant effect on the Company.

- (3) As of the publication date of the financial report, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| Item | New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|------|---|---|
| 1 | Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture” | To be determined by International Accounting Standard Board |
| 2 | IFRS 17, “Insurance Contracts” | January 1, 2023 |
| 3 | Amendments to IAS 21, "Lack of Exchangeability” | January 1, 2025 |

1. Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”

The plan is designed to address the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" regarding the treatment of the loss of control over an associate or joint venture when using the subsidiary as the cost for the investment. IAS 28 requires the elimination of the portion of gain or loss resulting from upstream transactions when non-monetary assets are contributed to acquire interests in associates or joint ventures, while IFRS 10 requires the full gain or loss on the loss of control over a subsidiary to be recognized. This amendment restricts the provision of IAS 28, and when the assets that constitute a business are sold or contributed, as defined in IFRS 3, the resulting gain or loss should be fully recognized.

This amendment also modifies IFRS 10 to require that when an investor and its associates sell or contribute a subsidiary that does not meet the definition of a business under IFRS 3, the resulting gain or loss should only be recognized to the extent of the non-controlling interest in the subsidiary.

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2. IFRS 17, "Insurance contracts"

The standard provides a comprehensive model for insurance contracts, including all accounting-related aspects (recognition, measurement, presentation, and disclosure principles). The core of the standard is a general model, under which the initial recognition of insurance contract groups is measured as the sum of the present value of the fulfillment cash flows and the contractual service margin. The carrying amount as of the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

In addition to the general model, specific application methods (variable fee approach) are provided for contracts with direct participation features; and a simplified approach (premium allocation approach) for short-term contracts.

The standard, which was issued in May 2017, was subsequently amended in 2020 and 2021. The effective date of the amendment was postponed by two years in the transitional provisions, from January 1, 2021, to January 1, 2023. The amendment also provided additional exemptions, simplified certain provisions to reduce adoption costs, and modified certain provisions to make them more easily interpretable in certain circumstances. The standard will supersede the transitional standard, IFRS 4, "Insurance Contracts," upon its effective date.

3. Amendments to IAS 21, "Lack of Exchangeability"

The amendment provides clarification on the concept of exchangeability and lack of exchangeability between currencies, and outlines how exchange rates are determined when a currency lacks exchangeability. Additionally, it introduces additional disclosure requirements when a currency lacks exchangeability. This amendment is applicable to accounting periods beginning on or after January 1, 2025.

The above mentioned standards or interpretations have been issued by the International Accounting Standards Board but have not yet been endorsed by the FSC, the actual effective date shall be determined by the FSC. The Company is currently evaluating the potential effect of these new standards, interpretations or amendments and is unable to reasonably estimate their effect on the Company at this time. However, other new standards, interpretations or amendments have no significant effect on the Company.

4. Summary of significant accounting policies

1. Compliance statement

The parent company only financial statements of the Company for the years ended December 31, 2023 and December 31, 2022 have been prepared in accordance with the Financial Reporting Standards for Issuers of Securities as approved and issued by the FSC and effective IFRS, IAS, IFRICs and SICs.

2. Basis of preparation

The Company prepares the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. In accordance with Article 21 of the Regulations, the current profit or loss and other comprehensive income in the parent company only financial statements are equivalent to the apportionment of profit or loss and other comprehensive income in the consolidated financial statements, and the equity

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of owners in the parent company only financial statements are equivalent to the equity of owners in the consolidated financial statements. Therefore, the investment in subsidiaries is presented in the parent company only financial statements as "investments accounted for using the equity method", with necessary valuation adjustments.

Except for financial instruments at fair value, the parent company only financial statements have been prepared under the historical cost convention, unless otherwise stated. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

3. Foreign currency transactions

The parent company only financial statements of the Company are presented in the functional currency, New Taiwan Dollars.

Foreign currency transactions are recorded using the exchange rate on the transaction date, which is converted into the functional currency. At the end of each reporting period, foreign currency monetary items are re-measured using the closing exchange rate on that day, while foreign currency non-monetary items measured at fair value are re-measured using the exchange rate on the fair value measurement date. Foreign currency non-monetary items measured at historical cost are recorded using the exchange rate on the date of the original transaction.

Except as described below, exchange differences arising from the settlement or translation of monetary items are recognized as profit or loss in the period in which they occur:

- (1) In the case of foreign currency borrowings incurred to acquire assets that meet the criteria, if the resulting exchange differences are regarded as an adjustment to interest costs, they are capitalized as part of the borrowing costs and included in the cost of the asset.
- (2) Foreign currency items falling within the scope of IFRS 9 "Financial Instruments" shall be accounted for in accordance with the accounting policies for financial instruments.
- (3) Exchange differences arising from monetary items that form part of a reporting entity's net investment in a foreign operation are initially recognized in other comprehensive income and reclassified to profit or loss on disposal of the net investment.

When the gains or losses of non-monetary items are recognized in other comprehensive income, any exchange components of such gains or losses shall be recognized in other comprehensive income. On the other hand, the gains or losses of non-monetary items are recognized in profit or loss, any exchange components of such gains or losses shall be recognized in profit or loss.

4. Translation of foreign currency financial statements

When preparing the consolidated financial statements, the assets and liabilities of foreign operating entities are converted into New Taiwan Dollars at the closing exchange rate on the balance sheet date, while the revenue and expense items are converted at the average exchange rate for the period. The resulting exchange differences are recognized in other comprehensive income and reclassified from equity to profit or loss on disposal of the foreign operating entity. In the case of partial disposals involving subsidiaries with foreign operating entities or equity investments in associates or joint ventures with foreign operating entities, the portion of the retained equity containing financial assets denominated in foreign currency is also accounted for as a disposal.

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When a partial disposal that includes a subsidiary of a foreign operation under the control of the reporting entity occurs, the proportionate amount of the cumulative translation differences that are recognized in other comprehensive income shall be reclassified to the non-controlling interests of the foreign operation rather than recognized in profit or loss. However, if the significant influence or joint control over the foreign operation is not lost, and a partial disposal that includes an associate or a jointly controlled entity of a foreign operation occurs, the proportionate amount of the cumulative translation differences shall be reclassified to profit or loss.

5. The classification standards for assets and liabilities

If an asset meets any of the following conditions, it is classified as a current asset; otherwise it is a non-current asset:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) Assets held mainly for trading purposes;
- (3) Assets that are expected to be realized within twelve months from the balance sheet date;
- (4) Cash or cash equivalents, except for those restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

If a liability meets any of the following conditions, it is classified as a current liability, otherwise it is a non-current liability:

- (1) Liabilities that are expected to be settled within the normal operating cycle;
- (2) Liabilities arising mainly from trading activities;
- (3) Liabilities that are to be settled within twelve months from the balance sheet date;
- (4) The maturity of a liability cannot be unconditionally extended beyond 12 months after the reporting period. However, the terms of a liability may allow for the issue of equity instruments by the entity to settle the liability at the option of the counterparty, without affecting its classification.

6. Cash or cash equivalents

Cash and cash equivalents refer to cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to imprest cash and subject to an insignificant risk of changes in value (including term deposits or investments with maturities of three months or less).

7. Financial instruments

Financial assets and financial liabilities are recognized when the contract terms of the financial instrument become effective for the Company.

Financial assets and financial liabilities that fall within the scope of IFRS 9, "Financial Instruments," are initially measured at fair value and directly attributed to financial assets and financial liabilities (except for financial assets and financial liabilities measured at fair value through profit or loss), the transaction cost of acquiring or issuing such financial assets and financial liabilities is added or subtracted from the fair value of those financial assets and financial liabilities.

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(1) Recognition and Measurement of Financial Assets

The recognition and derecognition of all financial assets in the Company's ordinary course of business are accounted for on the trade date basis.

The Company classified financial assets as measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss based on two criteria:

- A. The business model for managing the financial assets, and
- B. The contractual cash flow characteristics of the financial assets.

Financial assets measured at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost and are presented in the balance sheet as notes receivable, accounts receivable, financial assets measured at amortized cost, and other receivables:

- A. Business model for managing financial assets: Holding financial assets to collect contractual cash flows.
- B. Cash flow characteristics of financial assets: Cash flows consist solely of payments of principal and interest on the principal amount outstanding

These financial assets (excluding those involved in hedge relationships) are subsequently measured at amortized cost “the original recognition amount, less principal repayments, plus or minus the cumulative amortization of the difference between the original amount and the maturity amount (using the effective interest method), and adjusted for any loss allowance”. Gains or losses are recognized in profit or loss when the asset is derecognized, through the amortization process, or when an impairment gain or loss is recognized.

Interest is recognized in profit (loss) when using the effective interest method (by multiplying the effective interest rate by the total carrying amounts of the financial asset) or in the following circumstances:

- A. For purchased or originated credit-impaired financial assets, interest is calculated using the credit-adjusted effective interest rate applied to the amortized cost of the financial asset.
- B. For those financial assets that do not belong to the former category but have become credit impaired subsequently, they are measured at amortized cost using the effective interest rate method.

Financial assets measured at fair value through other comprehensive income

Financial assets that meet the following two criterias are measured at fair value through other comprehensive income and presented in the balance sheet as fair value through other comprehensive income financial assets:

- A. Business model for managing financial assets: both collecting contractual cash flows and selling financial assets
- B. Cash flow characteristics of financial assets: cash flows consisting solely of payments of principal and interest on the principal amount outstanding

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The recognition of gains and losses related to these financial assets is as follows:

- A. Before derecognition or reclassification, except for impairment gains or losses and foreign exchange gains or losses recognized in profit or loss, the gains or losses are recognized in other comprehensive income.
- B. When derecognizing a financial asset that was previously measured at fair value through other comprehensive income, the accumulated gains or losses that were previously recognized in other comprehensive income should be reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest calculated using the effective interest method (by multiplying the effective interest rate by the total carrying amounts of the financial assets) or the following is recognized in profit or loss:
 - (a) For credit-impaired financial assets acquired or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial assets.
 - (b) For financial assets that do not belong to the former category but become credit-impaired subsequently, they are measured at amortized cost using the effective interest method.

In addition, for equity instruments within the scope of IFRS 9 and not held for trading or recognized as consideration in a business combination accounted for under IFRS 3, and for which there is no irrevocable election to present subsequent changes in fair value in profit or loss, they are recognized at fair value on initial recognition with any subsequent changes in fair value reported in other comprehensive income. The amount recognized in other comprehensive income cannot subsequently be transferred to profit or loss (upon disposal of such equity instruments, the cumulative amount recognized in other equity is directly transferred to retained earnings), and such financial assets measured at fair value through other comprehensive income are presented on the balance sheet. Dividends from such investments are recognized in profit or loss, unless they clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss

All financial assets, except those measured at amortized cost or through other comprehensive income based on specific criteria mentioned earlier, are measured at fair value through profit or loss and reported on the balance sheet as financial assets at fair value through profit or loss.

Financial assets classified as measured at fair value through profit or loss are recognized at fair value with any subsequent changes in fair value recognized in profit or loss. The gains or losses recognized in profit or loss include any dividends or interest income earned on the financial assets measured at fair value through profit or loss.

(2) Impairment of financial assets

The Company recognizes and measures the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost using expected credit losses. Investments in debt instruments measured at fair value through other comprehensive income or loss are recognized as an allowance for losses in other comprehensive income or loss and do not reduce the carrying amount of the investments.

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The Company measures expected credit losses by considering the following factors:

- A. By determining an unbiased and probability-weighted amount through the evaluation of various possible outcomes.
- B. Time value of money
- C. Reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions (available without undue cost or effort as of the balance sheet date)

Methods for measuring provision for credit losses are described below:

- A. Measured based on the 12-month expected credit losses: This includes financial assets for which credit risk has not increased significantly since initial recognition or which are judged to have low credit risk at the reporting date. In addition, it also includes provision for credit losses measured based on expected credit losses over the remaining life of the financial asset for which credit risk has increased significantly since initial recognition, but which no longer meets the condition for credit risk having increased significantly since initial recognition at the reporting date.
- B. Measured based on the lifetime expected credit losses: This includes financial assets for which credit risk has increased significantly since initial recognition, or which are credit-impaired financial assets acquired or originated by the company.
- C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, provision for credit losses is measured based on the lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, provision for credit losses is measured based on the lifetime expected credit losses.

On each balance sheet date, the Company assesses whether the credit risk of financial instruments has significantly increased since initial recognition by comparing the instruments' default risk at the balance sheet date with the default risk at initial recognition. Please refer to Note 12 for information related to credit risk.

(3)Derecognition of financial assets

The financial assets held by the Company will be derecognized under any of the following conditions:

- A. The contractual rights to receive cash flows from the financial asset have expired.
- B. The Company has transferred substantially all risks and rewards of ownership of the financial asset to another party.
- C. The Company has neither transferred nor retained substantially all risks and rewards of ownership of the financial asset, but has transferred control of the asset.

When a financial asset is derecognized in its entirety, any difference between its carrying amount and the total of the consideration received and receivable for the asset is recognized in profit or loss, including any cumulative gain or loss previously recognized in other comprehensive income.

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(4) Liabilities and equity instruments

Classification of liabilities and equity

The classification of financial liabilities and equity instruments issued by the Company is based on the substance of the contractual agreements and the definition of financial liabilities and equity instruments.

Equity Instruments

Equity instruments refer to any contracts that represent the residual interest in the assets of the Company after deducting all liabilities. The equity instruments issued by the Company are recognized at the amount received, net of directly attributable issuance costs.

Hybrid Instruments

The Company recognizes the financial liability and equity components of its issued convertible bonds based on their contractual terms. For the issued convertible bonds, the economic characteristics and risks of the embedded call and put options are evaluated prior to separating the equity component.

The portion of the liability not involving derivatives, which has a fair value that is substantially the same and is not convertible, is classified as a financial liability measured at amortized cost until conversion or redemption. For the embedded derivatives that are not closely related to the economic characteristics and risks of the host contract (such as call and put options embedded that cannot be measured at fair value at each reporting date), they are classified as financial liability components and measured at fair value through profit or loss. The equity component is determined by deducting the financial liability component from the fair value of the convertible bond and is not remeasured subsequently. If the issued convertible bonds do not have any equity component, they are treated in accordance with IFRS 9 as hybrid instruments.

The transaction costs are allocated to the liability and equity components of the convertible bonds based on the proportion of their respective carrying amounts at initial recognition.

When the holders of the convertible bonds exercise their conversion rights before the maturity date, the carrying amount of the liability component is adjusted to its carrying amount at conversion date as the basis for recording the issuance of common stocks.

Financial liabilities

Financial liabilities that fall within the scope of IFRS 9 are initially classified as either fair value through profit or loss financial liabilities or amortized cost financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

Financial liabilities are classified as held for trading when one of the following conditions is met:

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- A. Its primary objective is to sell within the short term;
- B. At the time of initial recognition, it is part of a recognizable financial instrument combination under consolidated management and there is evidence that the combination is an operational type of short-term profit in the near future; or
- C. It is a derivative instrument (excluding financial guarantee contracts or derivatives designated as effective hedging instruments).

For contracts containing one or more embedded derivative instruments, the overall mixed contract may be designated as a financial liability measured at fair value through profit or loss when either of the following factors can provide more relevant information at initial recognition:

- A. The designation eliminates or significantly reduces a measurement or recognition inconsistency;
- B. A group of financial assets, financial liabilities or both are managed on a fair value basis in accordance with a documented risk management or investment strategy and information on this investment portfolio, which is provided internally to management, is also based on fair value.

Any benefit or loss resulting from the remeasurement of such financial liabilities is recognized in profit or loss, which includes any interest paid on the financial liabilities.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include accounts payable and loans, which are measured using the effective interest method after initial recognition. When a financial liability is derecognized or amortized, any related gains or losses and the amortization amount are recognized in profit or loss.

The calculation of the amortized cost takes into account the discount or premium and transaction costs incurred at the time of acquisition.

Derecognition of Financial Liabilities

Financial liabilities shall be derecognized when the obligation of the financial liability is discharged, canceled or expired.

When significant modifications (whether due to financial difficulties or not) are made to the terms of the existing financial liabilities or when the Company exchanges debt instruments with creditors that have significant differences in terms, the original liability shall be derecognized and the new liability shall be recognized. When a financial liability is derecognized, the difference between the book value and the total consideration paid or payable (including non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss.

(5) Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities shall only be offset and presented on a net basis in the balance sheet when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

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8. Derivative financial instruments

The Company holds or issues derivative financial instruments to hedge against exchange rate and interest rate risks. Designated and effective hedging instruments are reported in the balance sheet as hedging derivative assets or liabilities, while others that do not qualify as designated and effective hedging instruments are reported in the statement of financial position as financial assets or financial liabilities measured at fair value through profit or loss.

The initial recognition of derivative financial instruments is based on their fair value on the date of the derivative contract signing, and subsequently, they are measured at fair value. A derivative financial instrument is classified as a financial asset if its fair value is positive and a financial liability if its fair value is negative. Changes in the fair value of derivative financial instruments are recognized directly in profit or loss. However, for those derivative financial instruments that involve effective hedging and belong to effective portions, the gains and losses are recognized in profit or loss or equity items depending on the type of hedging.

Embedded derivatives in non-financial assets or non-financial liabilities are treated as independent derivative financial instruments when their economic characteristics and risks are not closely related to the host contract and the host contract is not measured at fair value through profit or loss.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in either:

- (1) The principal market for the asset or liability, or
- (2) If there is no principal market, the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible by the Company to make the transaction.

The fair value measurement of assets or liabilities uses the assumptions that market participants would use when pricing the assets or liabilities, assuming that the market participants are acting in their economic best interest.

The fair value measurement of non-financial assets takes into account the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling the asset to another market participant who would use the asset in its highest and best use.

The Company employs valuation techniques that are appropriate and have sufficient data available in the relevant circumstances to measure fair value, while maximizing the use of observable inputs and minimizing the use of unobservable inputs.

10. Inventory

The inventory is valued at the lower of cost or net realizable value on an item-by-item basis.

Cost refers to the cost incurred to bring the inventory to its present location and condition for sale or use:

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Raw materials – valued using weighted average cost method
Finished goods and work in progress – includes direct materials, labor, and allocated fixed manufacturing costs based on normal capacity utilization, but excludes borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision of labor services are accounted for in accordance with IFRS 15 and are not within the scope of inventory.

11. Investments accounted for using equity method

For investments in subsidiaries, the Company applies the equity method in accordance with the provisions of Article 21 of the Financial Reporting Standards for Securities Issuers. The investment is expressed as "investments using the equity method" and necessary adjustments are made to ensure that the parent company only financial statements reflect the same share of profit or loss and other comprehensive income as the consolidated financial statements attributed to the owners of the parent company. This adjustment mainly considers the treatment of the subsidiary's investment in the consolidated financial statements in accordance with IFRS 10, and the differences in the application of IFRS at the individual reporting entity level. The related accounts such as "investments using the equity method", "share of profit or loss of associates and joint ventures accounted for using the equity method", or "share of other comprehensive income of associates and joint ventures accounted for using the equity method" are debited or credited accordingly.

At the end of each reporting period, the company determines whether there is objective evidence of impairment of investments in associates in accordance with International Accounting Standard 28 "Investments in Associates and Joint Ventures". If there is objective evidence of impairment, the company then calculates the impairment loss in accordance with IAS 36 "Impairment of Assets" based on the difference between the recoverable amount and the carrying amount of the investment in the associate. The impairment loss is recognized in profit or loss attributed to the associate.

The recoverable amount of an investment in an associate is determined by the difference between its value in use and its carrying amount. Value in use is estimated based on the following criteria:

- (1) The Company's share of the estimated future cash flows of the associates, including cash flows generated by the associates' operations and the proceeds from the ultimate disposal of the investment; or
- (2) The expected future cash flows to be received by the Company from the investment in the form of dividends and the proceeds from the ultimate disposal of the investment.

As goodwill is not recognized separately in the carrying amount of investments in associates, the impairment test for goodwill under IAS 36 is not applicable.

When there is a significant loss of influence over an associate, the Company will measure and recognize the retained investment at fair value. The difference between the carrying amount of the investment in the associate before significant loss of influence and the fair value of the retained investment plus any proceeds from the disposal will be recognized in the income statement. In addition, when an investment in an associate becomes an investment in a joint venture or vice versa, the Company will continue to apply the equity method and will not remeasure the retained interest.

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12. Property, plant, and equipment

Property, plant, and equipment are recognized at cost, including the costs of dismantling, removing, and restoring the location of the asset and necessary interest incurred during the construction phase. They are then reduced by accumulated depreciation and accumulated impairment losses. If a significant component of property, plant, and equipment has a useful life and depreciation method that is different from the remainder, it is separately depreciated. When significant components of property, plant, and equipment are subject to periodic revaluation, they are treated as individual assets and are recognized using specific useful lives and depreciation methods. Any resulting carrying amount of the revalued component is derecognized in accordance with IAS 16. If significant overhaul costs meet the recognition criteria, they are recognized as part of the cost of replacing the asset, while other repairs and maintenance expenses are recognized in profit or loss.

Depreciation is provided on a straight-line method over the estimated useful lives of the following assets:

| Assets | Useful life |
|-------------------------|-------------|
| Buildings | 5-51 years |
| Machinery and equipment | 3-10 years |
| Other equipment | 3-15 years |

After the initial recognition, if a property, plant and equipment item or any significant component is disposed of or expected to generate no future economic benefits through use or disposal, it should be derecognized and any resulting gain or loss recognized.

The residual value, useful life, and depreciation method of property, plant and equipment are evaluated at the end of each financial year. Any changes in the estimated values compared to the previous estimates are recognized as accounting estimate changes.

13. Lease

Upon the establishment of a contract, the Company assesses whether the contract constitutes or contains a lease. If the contract transfers the right to control the use of a recognized asset for a period of time in exchange for consideration, the contract is deemed to be or to contain a lease. In order to evaluate whether the contract transfers the right to control the use of a recognized asset for a period of time, the Company assesses whether it has the following over the entire period of use:

- (1)The right to obtain substantially all of the economic benefits from the use of the identified assets;
- (2)The right to direct the use of the identified assets.

For contracts that contain a lease (or lease component), the Group treats each lease component as a separate lease and accounts for it separately from non-lease components in the contract. If a contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to the lease component based on the relative standalone price of each lease component and the aggregate standalone price of the non-lease components in the contract. The relative standalone price of the lease and non-lease components is based on the price charged by the lessor (or a similar supplier) for each component (or similar components), respectively. If the standalone price is not readily observable, the Group maximizes the use of observable information to estimate the standalone price.

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As a Lessee

Except for leases of low-value assets or short-term leases, when the Company is a lessee under a lease contract, it recognizes a right-of-use asset and a lease liability for all leases.

On the commencement date, the Company measures the lease liability at the present value of the lease payments that are not yet paid on that date. If the implicit rate of interest in the lease is readily determinable, the lease payments are discounted using that rate. If the implicit rate is not readily determinable, the lessee's incremental borrowing rate is used. On the commencement date, the lease payments included in the lease liability comprise the following payments related to the right to use the underlying asset that are unpaid on that date:

- (1) Fixed payments (including any in-substance fixed payments), less any lease incentives receivable;
- (2) Variable lease payments that are based on an index or a rate (initially measured using the index or rate as at the commencement date);
- (3) The amounts expected to be payable by the lessee under residual value guarantees;
- (4) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (5) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequently, the lease liabilities are measured on an amortized cost basis using the effective interest method, reflecting the interest expense on the lease liabilities, while the lease payments reduce the lease liabilities.

On the commencement date, the Company measures the right-of-use asset at cost, which includes:

- (1) The initial measurement of the lease liability;
- (2) Any lease payments made at or before the commencement date, less any lease incentives received;
- (3) Any initial direct costs incurred by the lessee; and
- (4) The estimated cost of dismantling, removing and restoring the underlying asset, or of restoring the underlying asset to the condition required by the terms and conditions of the lease.

The subsequent measurement of the right-of-use asset is based on the cost model, which means it is measured at cost less accumulated depreciation and accumulated impairment losses.

If ownership of the underlying asset transfers to the Company at the end of the lease term, or if the cost of the right-of-use asset reflects that the Company is reasonably certain to exercise a purchase option, then depreciation is provided over the useful life of the asset from the commencement date until the end of the useful life of the asset. Otherwise, depreciation is provided over the useful life of the asset from the commencement date until the earlier of the end of the useful life of the asset or the end of the lease term.

The Company applies IAS 36, "Impairment of Assets," to assess whether a right-of-use asset has suffered any impairment and to recognize any impairment losses.

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Except for leases of low-value assets or short-term leases, the Group recognizes right-of-use assets and lease liabilities on the balance sheet, and recognizes depreciation expense and interest expense separately in the statement of comprehensive income.

For leases of low-value assets or short-term leases, the Group may choose to recognize the lease payments as an expense under a straight-line method or another systematic basis over the lease term.

14. Intangible assets

Intangible assets acquired separately are initially measured at cost. Intangible assets acquired through a business combination are measured at their fair value at the acquisition date. Subsequently, intangible assets are measured at cost less accumulated amortization and impairment losses, i.e., using the cost model. Internally generated intangible assets that do not meet the recognition criteria are expensed when incurred.

Intangible assets are classified as having either a finite or indefinite useful life.

Intangible assets with finite useful lives are amortized over their useful lives and are tested for impairment when there are indicators of impairment. The amortization period and method for intangible assets with finite useful lives are reviewed at least at the end of each financial year. If the estimated useful life of the asset differs from previous estimates or the expected pattern of consumption of future economic benefits has changed, the amortization method or period is adjusted and treated as an accounting estimate change.

Intangible assets with indefinite useful lives are not amortized, but they are subject to impairment testing at the individual asset or cash-generating unit level annually. The useful life of intangible assets with indefinite useful lives is assessed each reporting period to determine if there are any events or circumstances that continue to support their classification as indefinite. If the useful life is changed from indefinite to finite, the new accounting treatment is applied prospectively.

Any gains or losses arising from the derecognition of intangible assets are recognized as profits/losses.

Summary of the accounting policies for intangible assets of the Group are as follows:

| | |
|----------------------------------|-------------------------------|
| | <u>Computer Software Cost</u> |
| Useful life | Finite(5 years) |
| Amortization method | Straight-line Method |
| Internal or external acquisition | External |

15. Non-financial asset impairment

At the end of each reporting period, the Company evaluates whether there are indicators of impairment for all assets that fall within the scope of IAS 36 "Impairment of Assets". If there are indicators of impairment or if certain assets require an annual impairment test, the Company conducts an impairment test on an individual asset or on the cash-generating unit to which the asset belongs. If the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the Company recognizes an impairment loss. The recoverable amount is the higher of the net fair value or value in use.

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At the end of each reporting period, the Company also assesses whether there are indications that previously recognized impairment losses for assets other than goodwill may no longer exist or may have decreased. If such indications exist, the Company estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment loss is reversed. However, the carrying amount after reversal cannot exceed the asset's carrying amount if no impairment loss had been recognized, net of depreciation or amortization.

Impairment losses and reversals for continuing operations are recognized as profits/losses.

16. Provisions

The recognition criteria for liability provisions is that a present obligation (legal or constructive) has arisen from past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. When the company expects some or all of the liability provisions to be reimbursed, it is recognized as a separate asset only when the reimbursement is virtually certain. If the time value of money is significant, liability provisions are discounted at a pre-tax rate that reflects the specific risks of the liability. The increase in the liability amount due to the passage of time during discounting is recognized as borrowing cost.

Provisions for dismantling, restoration and similar costs

Provisions for dismantling, removal of property, plant and equipment and restoration of the site on which they are located are measured at the present value of the estimated cash flows required to settle the obligation, and the costs of dismantling are recognized as part of the cost of the asset. The cash flows are discounted using a rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense. Estimates of future dismantling costs are reviewed and adjusted for appropriateness at the end of each reporting period. Changes in estimates of future dismantling costs or changes in the discount rate increase or decrease the related asset cost.

17. Revenue Recognition

The Company's revenue from contracts with customers mainly includes the sales of goods, which are accounted for as follows:

Sales of Goods

The Company manufactures and sells goods. Revenue and accounts receivable are recognized when the promised goods are delivered to the customer and the customer obtains control over them (i.e. the ability to direct the use of and obtain substantially all of the remaining benefits from the goods). The main products are power transistors and diodes, and revenue is recognized based on the contractually agreed price.

The Company's credit period for sales of goods ranges from 30 to 120 days. For most contracts, accounts receivable are recognized when control of the goods is transferred and the right to receive consideration without conditions is obtained. These accounts receivable are usually short-term and not a significant component of the Company's financial statements. For a small portion of contracts, the goods have been transferred to the customer but the right to receive consideration without conditions has not yet been obtained. In this case, contract assets are recognized, and these assets are subject to impairment losses measured based on the expected credit loss over the remaining life of the contract in accordance with IFRS 9.

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18. Borrowing Costs

The borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred in connection with borrowing funds.

19. Retirement benefits plan

The retirement policy of the Company applies to all regular employees, and the retirement benefits of the employees are fully deposited into the Labor Retirement Reserve Supervisory Committee and stored in the Retirement Fund Account. As the above-mentioned retirement benefits are deposited in the name of the Labor Retirement Reserve Supervisory Committee and are completely separated from the Company, they are not included in the aforementioned parent company only financial statements.

For defined contribution retirement benefits plans, the Company's monthly contribution rate for employee retirement benefits shall not be less than 6% of the employees' salary, and the amount contributed shall be recognized as expenses in the current period.

20. Income tax

Income tax expenses (benefits) refer to the aggregate amount included in determining the current period's income statement and related to current income tax and deferred income tax.

Current Income Tax

The current income tax liability (asset) related to the current and prior periods is measured using the tax rates or tax-related laws that have been enacted or substantially enacted as of the end of the reporting period. Income tax related to items recognized in other comprehensive income or directly recognized in equity is separately recognized in other comprehensive income or equity instead of income.

The portion of income tax payable on undistributed earnings subject to surtax on undistributed profits is recognized as income tax expense on the date of the resolution to distribute earnings at the shareholders' meeting.

Deferred Income Tax

Deferred income tax is calculated on the temporary differences between the tax base of assets and liabilities and their carrying amounts on the balance sheet date.

All taxable temporary differences, except for the following two items, are recognized as deferred income tax liabilities:

- (1) The original recognition of goodwill; or the original recognition of assets or liabilities not arising from a business combination, which, at the time of the transaction, neither impacts accounting profit nor taxable income (loss), and does not result in equal temporary differences between taxable and deductible amounts at the time of the transaction;
- (2) The temporary differences arising from investments in subsidiaries, associates and joint ventures, which can be controlled upon reversal and are likely not to be reversed in the foreseeable future.

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Except for the following two situations, deferred tax assets arising from deductible temporary differences, unused tax losses and unused tax credits can be recognized within the scope of probable future taxable income:

- (1) This relates to the deductible temporary differences arising from the original recognition of assets or liabilities not resulting from business combination transactions, which, at the time of the transaction, neither affect accounting profit nor tax income (loss), and do not result in the recognition of equal taxable and deductible temporary differences at the time of the transaction;
- (2) Deductible temporary differences arising from investments in subsidiaries, associates, and joint arrangements, which are expected to be reversed and for which sufficient taxable income will be available in the foreseeable future to utilize the temporary differences.

Deferred tax assets and liabilities are measured based on the tax rates and laws that are enacted or substantively enacted at the end of the reporting period, and reflect the tax consequences of expected asset realizations or liability settlements in the current period. The measurement of deferred tax assets and liabilities reflects the tax consequences of the expected recovery of assets or the settlement of liabilities at their carrying amounts as of the end of the reporting period. Deferred tax items that are not recognized in profit or loss are recognized in other comprehensive income or directly in equity, depending on the nature of the transaction. Deferred tax assets are reviewed and recognized at the end of each reporting period.

Deferred tax assets and liabilities can only be offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax is levied by the same tax authority as the income tax levied on the same taxable entity.

According to the Amendments to IFRS 12, "International Tax Reform - Pillar 2 Blueprint," temporary exceptions, therefore, prohibit the recognition of deferred tax assets and liabilities for Pillar 2 income taxes and also prohibit the disclosure of related information.

5. Sources of Significant Accounting Judgments, Estimates and Assumptions Uncertainty

When preparing the parent company only financial statements, the management is required to make judgments, estimates, and assumptions as of the end of the reporting period. These judgments, estimates, and assumptions may affect the reported amounts of income, expenses, assets, liabilities and disclosure of contingent liabilities. However, the uncertainties associated with these significant assumptions and estimates may result in significant adjustments to the carrying amounts of assets and liabilities in the future periods.

Estimates and Assumptions

Information regarding the major sources of uncertainties associated with significant estimates and assumptions made about the future at the end of the reporting period that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows:

(1) Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from active markets, the fair value will be determined using valuation techniques, including the income approach (such as discounted cash flow models) or market approach. Changes in the assumptions used in these models could affect the fair value of the reported financial instruments. Please refer to Note 12 for more details.

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(2) Impairment of Non-Financial Assets

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, impairment occurs. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The calculation of fair value less costs to sell is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs directly attributable to the disposal of the asset or cash-generating unit. The value in use is based on the discounted cash flow model. The estimated cash flows are based on the budget for the next five years, excluding any restructuring that the Company has not yet committed to or any significant future investments required to enhance the asset performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used in the discounted cash flow model and the expected future cash inflows and growth rates based on extrapolation.

(3) Income Tax

The uncertainty in income tax arises from the interpretation of complex tax regulations, the amount and timing of future taxable income. The actual results from extensive international business relationships and long-term and complex contracts may differ from the assumptions made, or changes in these assumptions in the future may require adjustments to the income tax benefit or expense already recognized in the future. The provision for income tax is based on reasonable estimates made based on possible audit results of the tax authorities in the countries where the consolidated companies operate. The amount recognized is based on various factors, such as past tax audit experience and different interpretations of tax regulations by taxpayers and tax authorities. These differences may raise various issues due to the location of individual companies within the Company.

Unutilized tax losses and tax credits that can be carried forward, as well as deductible temporary differences, are recognized as deferred tax assets if it is probable that taxable income or temporary differences that can be taxed will arise in the future. The amount of deferred tax assets that can be recognized is estimated based on the timing and level of future taxable income and temporary differences, along with future tax planning strategies. As of December 31, 2023, please refer to Note 6 for information on deferred tax assets that have not been recognized by the Company.

(4) Accounts Receivable – Estimated Impairment Loss

The estimated impairment loss for doubtful accounts receivable is based on the expected credit losses during the remaining lifetime of the receivables. The credit loss is measured as the present value difference between the contractual cash flows (book value) and the expected cash flows to be collected (forward-looking information). However, the discounting effect for short-term receivables is not significant and the credit loss is measured as the difference before discounting. If the actual cash flows in the future are less than expected, a significant impairment loss may occur. Please refer to Note 6 for further details.

(5) Inventory

The estimated net realizable value of inventory is determined by considering the possibility of inventory impairment, obsolescence, or decline in selling price. The most reliable evidence of the expected realizable value of inventory at the time of estimation is used for this purpose, as described in Note 6.

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6. Description of Significant Accounts

(1) Cash and cash equivalents

| | As of December 31, 2023 | As of December 31, 2022 |
|---------------------------|----------------------------|----------------------------|
| Cash on hand | \$158 | \$160 |
| Check and current deposit | 15,720 | 13,382 |
| Total | <u>\$15,878</u> | <u>\$13,542</u> |

The Company also holds fixed-term deposits with maturities exceeding 3 months. These deposits are classified under "Other Financial Assets - Current" at their respective maturity dates. As of December 31, 2023 and December 31, 2022, the interest rates for these deposits were 5.35% and ranged from 3.90% to 4.45%, respectively.

(2) Financial assets measured at fair value through profit or loss

| | As of December 31, 2023 | As of December 31, 2022 |
|------------------------------------|----------------------------|----------------------------|
| Fair value through profit or loss: | | |
| stocks | <u>\$51,661</u> | <u>\$52,084</u> |
| Current assets | <u>\$51,661</u> | <u>\$52,084</u> |

The Company does not provide collateral for financial assets measured at fair value through profit or loss.

(3) Notes receivable, net

| | As of December 31, 2023 | As of December 31, 2022 |
|---|----------------------------|----------------------------|
| Notes receivable - generated from operations. | \$25 | \$10 |
| Less: allowance for doubtful accounts | — | — |
| Total | <u>\$25</u> | <u>\$10</u> |

The Company does not provide any notes receivable as collateral for its loans.

The impairment and related information on allowance for doubtful accounts are evaluated in accordance with IFRS 9. Please refer to Note 6.16 for more details, and for information related to credit risk, please refer to Note 12.

(4) Accounts receivable and accounts receivable - Related parties

| | As of December 31, 2023 | As of December 31, 2022 |
|---------------------------------------|----------------------------|----------------------------|
| Accounts Receivable | \$4,591 | \$4,104 |
| Less: Allowance for doubtful accounts | (36) | (32) |
| Total | <u>\$4,555</u> | <u>\$4,072</u> |

The Company does not provide any accounts receivable as collateral for its loans.

The credit period provided by the Company to its customers is usually between 30 to 120 days. As of December 31, 2023 and 2022, the total carrying amount was NT\$4,616,000 and NT\$4,114,000, respectively. The information on the allowance for doubtful accounts for the year 2023 and 2022 is detailed in Note 6.16, and for information related to credit risk, please refer to Note 12.

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(5)Inventories

| | As of December 31, 2023 | As of December 31, 2022 |
|-----------------|----------------------------|----------------------------|
| Raw material | \$— | \$131 |
| Work in process | 5,852 | 6,592 |
| Finished goods | 52 | 10 |
| Total | <u>\$5,904</u> | <u>\$6,733</u> |

The inventory costs recognized as expenses for the fiscal years 2023 and 2022 amounted to NT\$24,323,000 and NT\$43,915,000, respectively. This includes inventory valuation losses (reversal gains) of (NT\$2,664,000) and NT\$2,117,000 for the respective periods. During the current period, inventory valuation reversal gains were recognized due to the disposal and sale of certain inventory items.

The Company did not provide any inventories as collateral for its loans.

(6)Investment accounted for using equity method

The details of investments accounted for using equity method are as follows:

| Investee Name | As of December 31, 2023 | | As of December 31, 2022 | |
|------------------------|-------------------------|--------------|-------------------------|--------------|
| | Amount | Equity Stake | Amount | Equity Stake |
| Subsidiary: | | | | |
| NHM (BVI) Holding Ltd. | <u>\$73,731</u> | 100% | <u>\$98,403</u> | 100% |

The investment in the subsidiary is presented in the parent company only financial statements as "Investment accounted for using equity method", and necessary fair value adjustments are made.

The details of "Equity in net income of investees and affiliated companies accounted for using the equity method" and "Foreign currency translation adjustments on financial statements of foreign operations (pre-tax)" recognized by the Company in 2023 and 2022, and elimination of intercompany profits are presented as follows:

A.Details of "Equity in net income of investees accounted for using the equity method" and "Foreign currency translation adjustments on financial statements of foreign operations (pre-tax)":

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Equity in net income of investees accounted for using the equity method | <u>\$(24,034)</u> | <u>\$(50,559)</u> |
| Foreign currency translation adjustments on financial statements of foreign operations (pre-tax) | <u>\$(956)</u> | <u>\$5,156</u> |

B.The Company's investment in NHM (BVI) Holding Ltd. is mainly through the reinvestments in Mospec Semiconductor (Shenzhen) Co., Ltd. and H&M Semiconductor (Sichuan) Co., Ltd.

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(7)Property, Plant and Equipment

| | As of December 31, 2023 | | As of December 31, 2022 | | |
|---|----------------------------|------------------|----------------------------|--------------------|--------------------|
| Property, plant and equipment used by the Company | <u>\$306,978</u> | | <u>\$282,769</u> | | |
| | Land | Buildings | Machinery and Equipment | Other Equipment | Total |
| <u>Cost:</u> | | | | | |
| January 1, 2023 | \$178,778 | \$195,505 | \$649,486 | \$216,641 | \$1,240,410 |
| Additions | — | — | — | — | — |
| Disposals | — | — | (245,166) | (3,230) | (248,396) |
| Transfer | — | — | 25,736 | 11,424 | 37,160 |
| December 31, 2023 | <u>\$178,778</u> | <u>\$195,505</u> | <u>\$430,056</u> | <u>\$224,835</u> | <u>\$1,029,174</u> |
| January 1, 2022 | \$178,778 | \$19,505 | \$649,486 | \$216,641 | \$1,240,410 |
| Additions | — | — | — | — | — |
| Disposals | — | — | — | — | — |
| December 31, 2022 | <u>\$178,778</u> | <u>\$195,505</u> | <u>\$649,486</u> | <u>\$216,641</u> | <u>\$1,240,410</u> |
| | Land | Buildings | Machinery and Equipment | Other Equipment | Total |
| <u>Depreciation and impairment:</u> | | | | | |
| January 1, 2023 | \$— | \$125,511 | \$649,001 | \$183,129 | \$957,641 |
| Depreciation | — | 4,707 | 126 | 7,480 | 12,313 |
| Disposals | — | — | (244,806) | (2,952) | (247,758) |
| December 31, 2023 | <u>\$—</u> | <u>\$130,218</u> | <u>\$404,321</u> | <u>\$187,657</u> | <u>\$722,196</u> |
| January 1, 2022 | \$— | \$120,750 | \$648,496 | \$176,062 | \$945,308 |
| Depreciation | — | 4,761 | 505 | 7,067 | 12,333 |
| December 31, 2022 | <u>\$—</u> | <u>\$125,511</u> | <u>\$649,001</u> | <u>\$183,129</u> | <u>\$957,641</u> |
| <u>Net carrying amount:</u> | | | | | |
| December 31, 2023 | <u>\$178,778</u> | <u>\$65,287</u> | <u>\$25,735</u> | <u>\$37,178</u> | <u>\$306,978</u> |
| December 31, 2022 | <u>\$178,778</u> | <u>\$69,994</u> | <u>\$485</u> | <u>\$33,512</u> | <u>\$282,769</u> |

Please refer to Note 8 for information on the provision of collateral with property, plants and equipment.

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(8) Intangible Assets

i.

| | Computer Software |
|--|-------------------|
| <u>Cost:</u> | |
| January 1, 2023 | \$4,162 |
| Additions – Separate | – |
| Derecognition | – |
| December 31, 2023 | \$4,162 |
| | |
| January 1, 2022 | \$4,162 |
| Additions – Separate | – |
| Derecognition | – |
| December 31, 2022 | \$4,162 |
| <u>Amortization and impairment</u> | |
| January 1, 2023 | \$(4,162) |
| Amortization | – |
| Derecognition | – |
| December 31, 2023 | \$(4,162) |
| | |
| January 1, 2022 | \$(3,469) |
| Amortization | (693) |
| Derecognition | – |
| December 31, 2022 | \$(4,162) |
| Net book value: | |
| December 31, 2023 | \$– |
| December 31, 2022 | \$– |

ii. The amount of amortization of intangible assets recognized is as follows:

| | 2023 | 2022 |
|-------------------|------|-------|
| Operation Cost | \$– | \$69 |
| Operation Expense | \$– | \$624 |

iii. The cost of computer software refers to expenses incurred for ERP and other computer software, which are amortized over a period of 5 years.

(9) Other Noncurrent Asset

| | As of December 31, 2023 | As of December 31, 2022 |
|---------------------------|----------------------------|----------------------------|
| Prepayments for equipment | \$12,434 | \$43,219 |

Please refer to Note 8 for details regarding the equipment advances provided as collateral.

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(10) Short-Term Loans

| Nature of borrowing | As of December 31, 2023 | As of December 31, 2022 |
|---------------------|----------------------------|----------------------------|
| Bank credit loans | \$30,000 | \$30,000 |
| Due date | January 11, 2024 | January 11, 2023 |
| Interest rate range | 2.65% | 2.425% |
| Unused credit line | \$— | \$— |

(11) Long-Term Loans

The details of long-term loans as of December 31, 2023 are as follows:

| Creditor | As of December 31, 2023 | Interest Rate (%) | Loan Content |
|----------------------------|-------------------------------|----------------------|---|
| First Bank guaranteed loan | \$11,103 | 2.225% | The loan is repayable in monthly installments of principal from August 10, 2022 to August 10, 2027, with monthly interest payments. |
| First Bank guaranteed loan | 4,779 | 2.225% | The loan is repayable in monthly installments of principal from December 27, 2022 to December 27, 2027, with monthly interest payments. |
| First Bank guaranteed loan | 2,725 | 2.225% | The loan is repayable in monthly installments of principal from February 8, 2023 to February 8, 2028, with monthly interest payments. |
| Credit loans by First Bank | 14,474 | 2.095% | The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments. |
| Credit loans by First Bank | 3,619 | 2.095% | The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments. |
| Subtotal | <u>36,700</u> | | |
| Less: Current portion | <u>(8,600)</u> | | |
| Total | <u>\$28,100</u> | | |

The details of long-term loans as of December 31, 2022 are as follows:

| Creditor | As of December 31, 2022 | Interest Rate (%) | Loan Content |
|----------------------------|-------------------------------|----------------------|---|
| First Bank guaranteed loan | \$13,979 | 2.1% | The loan is repayable in monthly installments of principal from August 10, 2022 to August 10, 2027, with monthly interest payments. |
| First Bank guaranteed loan | 5,910 | 2.1% | The loan is repayable in monthly installments of principal from December 27, 2022 to December 27, 2027, with monthly interest payments. |
| Subtotal | <u>19,889</u> | | |
| Less: Current portion | <u>(4,014)</u> | | |
| Total | <u>\$15,875</u> | | |

Please refer to Note 8 for details on the collateral for the First Bank secured loan.

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(12) Retirement Benefits Plan

Defined contribution plans

The employee retirement plan established by the Company is a defined contribution plan under the "Labor Pension Act". Pursuant to the Act, the Company is required to contribute to each employee's individual retirement account every month, and the contribution rate must be no less than 6% of the employee's monthly salary. The Company has already established an employee retirement plan in accordance with the Act and contributes 6% of each employee's monthly salary to employees' pension accounts every month.

In 2023 and 2022, the Company recognized retirement benefit plan expenses of NT\$ 827,000 and NT\$ 855,000, respectively.

(13) Provision

| | Decommissioning, Restoration, and Remediation Costs | Other | Total |
|--------------------------------|---|------------|-----------------|
| January 1, 2023 | \$10,411 | \$— | \$10,411 |
| Current use | (3,810) | — | (3,810) |
| December 31, 2023 | <u>\$6,601</u> | <u>\$—</u> | <u>\$6,601</u> |
| January 1, 2022 | \$14,221 | \$699 | \$14,920 |
| Current use | (3,810) | (699) | (4,509) |
| December 31, 2022 | <u>\$10,411</u> | <u>\$—</u> | <u>\$10,411</u> |
| Noncurrent – December 31, 2023 | <u>\$6,601</u> | <u>\$—</u> | <u>\$6,601</u> |
| Noncurrent – December 31, 2022 | <u>\$10,411</u> | <u>\$—</u> | <u>\$10,411</u> |

Decommissioning, Restoration, and Remediation Costs

The provision recognizes pollution prevention and control costs related to land owned by the Company, which are estimated based on the best estimate of future possible investment amounts.

Other

The provision recognizes compensation costs related to civil litigation involving the Company.

(14) Equity

1. Common stock

- i. As of December 31, 2023 and 2022, the authorized capital stock of the Company was NT\$1,800,000 thousand divided into 180,000 thousand shares with a par value of NT\$10 per share. The issued and outstanding common stock of the Company was NT\$370,000 thousand divided into 37,000 thousand shares with a par value of NT\$10 per share (including 27,489 thousand shares of privately placed common stock). Each share is entitled to one vote and to receive dividends.

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- ii. The Board of Directors of the Company passed resolutions on April 8, April 15, September 7, and October 8, 2009 to issue privately placed common stock totaling NT\$276,300 thousand (NT\$42,439 thousand after reducing capital to offset accumulated losses).
- iii. The Board of Directors of the Company passed a resolution on December 28, 2010 to issue privately placed new shares of common stock totaling NT\$48,375 thousand (NT\$7,430 thousand after reducing capital to offset accumulated losses).
- iv. The Board of Directors of the Company passed a resolution on June 8, 2011 to issue privately placed new shares of common stock totaling NT\$66,750 thousand (NT\$10,253 thousand after reducing capital to offset accumulated losses).
- v. The Board of Directors of the Company passed a resolution on February 26, 2013 to issue privately placed new shares of common stock totaling NT\$96,150 thousand (NT\$14,769 thousand after reducing capital to offset accumulated losses).
- vi. In order to improve its financial structure, the Company passed a resolution at the shareholders' meeting on June 29, 2020 to reduce its capital to offset accumulated losses by NT\$536,021 thousand, with a reduction ratio of 75.9214%.
- vii. The Board of Directors of the Company passed a resolution on September 24, 2020 to issue privately placed new shares of common stock totaling NT\$100,000 thousand.
- viii. The Board of Directors of the Company passed a resolution on March 11, 2021 to issue privately placed new shares of common stock totaling NT\$100,000 thousand
- ix. The rights and obligations of the privately placed new shares are generally the same as those of the common stock already issued by the Company. However, according to the Securities and Exchange Act, the privately placed common stock cannot be freely transferred within three years after the issuance. Except for the restrictions on transferability under the Securities and Exchange Act, and subject to completing the public issuance and waiting for three years from the delivery date, the privately placed common stock has the same rights and obligations as the common stock already issued by the Company.

2. Capital Reserve

A.

| <u>Item</u> | <u>As of December 31, 2023</u> | <u>As of December 31, 2022</u> |
|------------------|--------------------------------|--------------------------------|
| Issuance premium | \$193,260 | \$193,260 |

B. According to laws and regulations, capital reserves can only be used to offset company losses. When the company has no losses, the capital reserves generated from the premium on the issuance of shares and donations received may be allocated to increase capital up to a certain percentage of paid-in capital each year. The aforementioned capital reserves may also be distributed as cash dividends in proportion to the shareholders' original shares.

3. Earnings Distribution and Dividend Policy

According to the company's articles of association, in the event of an annual surplus, it shall be distributed in the following order:

- A. Payment of taxes and other government charges.
- B. Offset of accumulated losses.
- C. Appropriation of 10% of net income to legal reserve.
- D. Appropriation or reversal of special reserve in accordance with the regulations of the competent authority.

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E. The remaining surplus shall be distributed to shareholders in accordance with the dividend policy proposed by the board of directors and submitted to the shareholders' meeting.

The Company's dividend policy takes into consideration the current and future development plans, investment environment, capital requirements, domestic and international competitive conditions, and shareholder interests. The Company shall allocate not less than 50% of the distributable profits for dividends to shareholders each year. Dividends may be paid in cash or shares, with the cash portion not less than 50% of the total dividend amount.

According to the Company Act, the legal reserve shall be appropriated until it reaches an amount equal to the Company's paid-in capital. The legal reserve may be used to offset losses. When there are no accumulated losses, any excess in the legal reserve over 25% of the paid-in capital may be distributed to shareholders in the form of new shares or cash, in proportion to their shareholdings.

When the Company distributes its distributable profits, it is required by law to allocate the remaining balance of the special reserve after first-time adoption of IFRS and the net amount of other equity deduction to offset the special reserve. In the event that the net amount of other equity deduction is reversed, the Company may allocate the reversed portion to the special reserve for distribution of profits.

Due to accumulated losses in 2022 and 2021, the Company did not distribute profits at the shareholders' meeting on June 13, 2023, and June 15, 2022, respectively.

For information regarding the estimation basis and recognition amount of employee and director remuneration, please refer to Note 6.18.

(15) Net revenue

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|-----------------|-----------------|
| Revenue from customer contracts | | |
| Net revenue from sale of goods | <u>\$30,696</u> | <u>\$47,651</u> |

The revenue information related to customer contracts for the Company in 2023 and 2022 are as follows:

Revenue breakdown:

| | <u>2023</u> | <u>2022</u> |
|----------------|----------------------|----------------------|
| | <u>Semiconductor</u> | <u>Semiconductor</u> |
| Sales of Goods | <u>\$30,696</u> | <u>\$47,651</u> |

Revenue recognition timing:

| | | |
|-------------------|-----------------|-----------------|
| At a certain time | <u>\$30,696</u> | <u>\$47,651</u> |
|-------------------|-----------------|-----------------|

(16). Expected credit gain(loss)

| | <u>2023</u> | <u>2022</u> |
|--|--------------|-------------|
| Operation expense – Expected credit gain(loss) | | |
| Accounts receivable | <u>\$(4)</u> | <u>\$46</u> |

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Please refer to Note 12 for information related to credit risk.

The accounts receivable of the Company (including notes and accounts receivable) are measured for impairment using the lifetime expected credit loss method. The relevant explanation of the assessment of the allowance for impairment on December 31, 2023 and 2022 is as follows:

Historical credit loss experience for accounts receivable does not indicate any significant differences in loss patterns among different customer groups. Therefore, a non-segmented approach is adopted, and an expected credit loss model based on the provision matrix is used to measure the allowance for doubtful accounts. The relevant information is as follows:

| December 31, 2023 | Not Overdue (Note) | Days Past Due | | | | Total |
|---------------------------------|--------------------------|-------------------|----------------|-----------------|------------------|----------------|
| | | Within 90 days | 91-180 days | 181-365 days | Over 366 days | |
| Total carrying amount | \$25 | \$2,731 | \$1,860 | \$— | \$— | \$4,616 |
| Loss rate | 0% | 0.78% | 0.78% | — | — | |
| Lifetime expected credit losses | — | (21) | (15) | — | — | (36) |
| Subtotal | \$25 | \$2,710 | \$1,845 | \$— | \$— | \$4,580 |
| Carrying amount | | | | | | <u>\$4,580</u> |

| December 31, 2022 | Not Overdue (Note) | Days Past Due | | | | Total |
|---------------------------------|--------------------------|-------------------|----------------|-----------------|------------------|----------------|
| | | Within 90 days | 91-180 days | 181-365 days | Over 366 days | |
| Total carrying amount | \$10 | \$3,062 | \$1,042 | \$— | \$— | \$4,114 |
| Loss rate | 0% | 0.78% | 0.78% | — | — | |
| Lifetime expected credit losses | — | (24) | (8) | — | — | (32) |
| Subtotal | \$10 | \$3,038 | \$1,034 | \$— | \$— | \$4,082 |
| Carrying amount | | | | | | <u>\$4,082</u> |

Note: All notes receivable of the Group are not overdue.

The information on the changes in the allowance of accounts receivable for the years ended December 31, 2023 and 2022 of the Company is presented below:

| | Accounts Receivable |
|---------------------|------------------------|
| January 1, 2023 | \$32 |
| Addition (reversal) | 4 |
| December 31, 2023 | <u>\$36</u> |
| January 1, 2022 | \$78 |
| Addition (reversal) | (46) |
| December 31, 2022 | <u>\$32</u> |

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(17)Lease

As a lessee

The effect of the lease on the financial position, financial performance, and cash flows of the Group is explained as follows:

A. Revenue and expenses related to leasing activities for the lessee

| | 2023 | 2022 |
|--|------|------|
| Expenses related to leases of low-value assets (excluding expenses related to leases of low-value assets with a lease term of 12 months or less) | \$63 | \$85 |

B. Cash outflows related to the lessee and leasing activities

The total cash outflows related to leasing activities for the Group were NT\$63,000 and NT\$ 85,000 for the years ended December 31, 2023 and 2022, respectively.

(18)Summary of Employee Benefits, Depreciation, and Amortization Expenses by Function:

| By function By item | 2023 | | | 2022 | | |
|----------------------------|-------------------------------|----------------------------------|----------|-------------------------------|----------------------------------|----------|
| | Classified as operating costs | Classified as operating expenses | Total | Classified as operating costs | Classified as operating expenses | Total |
| Employees' Benefits | | | | | | |
| Salaries | \$1,044 | \$13,650 | \$14,694 | \$1,053 | \$13,705 | \$14,758 |
| Health and Labor Insurance | 144 | 1,590 | 1,734 | 141 | 1,584 | 1,725 |
| Pensions | 69 | 758 | 827 | 69 | 786 | 855 |
| Remuneration of Directors | — | 1,450 | 1,450 | — | 1,508 | 1,508 |
| Others | 59 | 622 | 681 | 60 | 612 | 672 |
| Depreciation(Note) | 2,617 | 5,440 | 8,057 | 2,996 | 5,081 | 8,077 |
| Amortization | — | — | — | 69 | 624 | 693 |

Note: The depreciation provision for the solar power generation equipment of the Company is recorded as an expense under other expenses.

1. The number of employees in the current and previous years was 32 and 31, respectively, with 6 and 5 directors who are not concurrently employed.

2. For companies whose stocks are listed on the stock exchange or traded on the TPEX, the following information shall be disclosed:

- A. The average employee benefits expense for the current year was NT\$690,000, and for the previous year, it was NT\$693,000.
- B. The average employee salary expense for the current year was NT\$565,000, and for the previous year, it was NT\$568,000.
- C. The adjustment percentage of the average employee salary expense was (1)%.
- D. Employees' remuneration include monthly salary, performance bonus, and year-end bonus. The salary is mainly based on the market salary, company operations, and

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overall economic conditions, and takes into account the Company's competitiveness, internal fairness, and legality to establish a competitive salary system. Performance bonuses are awarded based on the company's operating performance and the individual performance of employees to reward their contributions and motivate them to continue their efforts. The year-end bonus is based on the Company's annual profitability.

According to the Company's regulations, if there is profit for the year, no less than 1% shall be allocated for employee remuneration and no more than 2% for director remuneration. However, if the Company has accumulated losses, the amount to make up for such losses shall be reserved in advance. The aforementioned employee remuneration may be provided in the form of stocks or cash and shall be resolved by the board of directors with the consent of at least two-thirds of the attending directors and a majority of the total number of directors, and shall be reported to the shareholders' meeting. For information on employee and director compensation approved by the board of directors, please refer to the "Market Observation Post System" of the Taiwan Stock Exchange.

At the end of 2023 and 2022, the Company has accumulated losses, and therefore no employees' or directors' remuneration was recognized or distributed.

(19) Non-operating income and expenses

1. Interest Income

| | 2023 | 2022 |
|--|---------|---------|
| Amortized cost financial asset - Bank deposit interest | \$2,941 | \$1,046 |

2. Other Income

| | 2023 | 2022 |
|-----------------------|---------|---------|
| Other Income - Others | \$2,785 | \$3,065 |
| Dividend | 405 | 387 |
| Total | \$3,190 | \$3,452 |

3. Other income and expenses

| | 2023 | 2022 |
|--|----------|----------|
| Gain(loss) on disposal of property, plant, and equipment | \$19,386 | \$— |
| Net foreign exchange gain (loss) | (274) | 7,343 |
| Gain (loss) on financial assets at fair value through profit or loss | (423) | 45,288 |
| Other expenses - Depreciation of solar power equipment | (4,256) | (4,256) |
| Other expenses - Others | (20) | — |
| Total | \$14,413 | \$48,375 |

Note: Generated from financial assets measured at fair value through profit or loss.

4. Financial Cost

| | 2023 | 2022 |
|---------------------------------|-----------|---------|
| Interest on bank loans | \$(1,446) | \$(729) |
| Interest on related party loans | (23) | — |
| Total | \$(1,469) | \$(729) |

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(20) Components of Other Comprehensive Income

The composition of other comprehensive income for the year ended December 31, 2023 is as follows:

| | Current period generated | Reclassification adjustments For the Period | Other Comprehensive Income | Income tax benefit (expense) | After-Tax Amount |
|---|--------------------------------|---|----------------------------------|------------------------------------|---------------------|
| Items that may be subsequently reclassified to profit or loss: | | | | | |
| Exchange differences arising from the translation of the financial statements of foreign operating entities | \$(956) | — | \$(956) | — | \$(956) |

The composition of other comprehensive income for the year ended December 31, 2022 is as follows:

| | Current period generated | Reclassification adjustments For the Period | Other Comprehensive Income | Income tax benefit (expense) | After-Tax Amount |
|---|--------------------------------|---|----------------------------------|------------------------------------|---------------------|
| Items that may be subsequently reclassified to profit or loss: | | | | | |
| Exchange differences arising from the translation of the financial statements of foreign operating entities | \$5,156 | — | \$5,156 | — | \$5,156 |

(21) Income Tax

1. The major components of income tax expense for 2023 and 2022 are as follows:

Income tax expense recognized in profit or loss

| | 2023 | 2022 |
|---|------|------|
| Current income tax expense: | | |
| Current tax expense recognized in the current year | \$— | \$— |
| Deferred income tax expense: | | |
| The origination and reversal of temporary differences | — | — |
| Income tax expense recognized in profit or loss | \$— | \$— |

Income tax recognized in other comprehensive profit or loss

| | 2023 | 2022 |
|---|------|------|
| Deferred income tax expense: | | |
| Foreign exchange differences arising from the translation of financial statements of foreign operating entities | \$— | \$— |

2. The adjustments to income tax expense for the year and the amount of income tax computed at the applicable statutory tax rates are as follows:

| | 2023 | 2022 |
|--|------------|------------|
| Pretax gain/loss from continuing operations | \$(36,309) | \$(34,955) |
| Income tax expense calculated at statutory tax rates | \$(7,262) | \$(6,991) |
| Tax effects of non-deductible expenses | 4,646 | 1,234 |
| Tax effects of deferred tax assets/liabilities | 2,616 | 5,757 |
| Income tax expense recognized in income statement | \$— | \$— |

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3. The following deferred tax assets (liabilities) balances are related to the items below:

| | 2023 | | | Ending balance |
|---|----------------------|------------------------------------|---|-------------------|
| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | |
| Temporary difference | | | | |
| Unrealized holiday bonus deduction | \$202 | \$— | \$— | \$202 |
| Unrealized intercompany transactions | 287 | — | — | 287 |
| Unrealized exchange losses | 178 | — | — | 178 |
| Unrealized exchange gains | (9) | — | — | (9) |
| Land value increment tax reserve | (46,203) | — | — | (46,203) |
| Defined benefit liabilities, net | 3,409 | — | — | 3,409 |
| Other | (666) | — | — | (666) |
| Deferred tax (expense) benefit | | \$— | \$— | |
| Deferred tax assets (liabilities) , net | \$(42,802) | | | \$(42,802) |

The information expressed in the balance sheet is as follows:

| | | |
|--------------------------|------------|------------|
| Deferred tax assets | \$3,410 | \$3,410 |
| Deferred tax liabilities | \$(46,212) | \$(46,212) |

| | 2022 | | | Ending balance |
|---|----------------------|------------------------------------|---|-------------------|
| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | |
| Temporary difference | | | | |
| Unrealized holiday bonus deduction | \$202 | \$— | \$— | \$202 |
| Unrealized intercompany transactions | 287 | — | — | 287 |
| Unrealized exchange losses | 178 | — | — | 178 |
| Unrealized exchange gains | (9) | — | — | (9) |
| Land value increment tax reserve | (46,203) | — | — | (46,203) |
| Defined benefit liabilities, net | 3,409 | — | — | 3,409 |
| Other | (666) | — | — | (666) |
| Deferred tax (expense) benefit | | \$— | \$— | |
| Deferred tax assets (liabilities) , net | \$(42,802) | | | \$(42,802) |

The information expressed in the balance sheet is as follows:

| | | |
|--------------------------|------------|------------|
| Deferred tax assets | \$3,410 | \$3,410 |
| Deferred tax liabilities | \$(46,212) | \$(46,212) |

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4. The information regarding the Company's unused tax losses is summarized as follows:

| Occurrence Year | Loss Amount | Unused Balance | | Last Offset Year |
|-----------------|-------------|-------------------------|-------------------------|------------------|
| | | As of December 31, 2023 | As of December 31, 2022 | |
| 2013 | 30,324 | 30,324 | 30,324 | 2023 |
| 2016 | 42,651 | 42,651 | 42,651 | 2026 |
| 2017 | 90,089 | 90,089 | 90,089 | 2027 |
| 2018 | 86,733 | 86,733 | 86,733 | 2028 |
| 2019 | 81,565 | 81,565 | 81,565 | 2029 |
| 2020 | 129,886 | 129,886 | 129,886 | 2030 |
| 2021 | 37,065 | 37,065 | 37,065 | 2031 |
| 2022 | 35,821 | 35,821 | 35,821 | 2032 |
| 2023 | 17,957 | 17,957 | — | 2033 |
| | | \$552,091 | \$534,134 | |

5. Unrecognized Deferred Income Tax Assets

As of December 31, 2023 and 2022 the total amount of unrecognized deferred income tax assets of the Company amounted to NT\$223,505,000 and NT\$239,004,000, respectively.

6. Status of Income Tax Filing

As of December 31, 2023, the settlement and filing of profit-seeking enterprise income tax for the Company have been approved by the tax authorities up to the fiscal year 2021.

(22) Earnings per share

The calculation of basic earnings per share is based on the net income attributable to the shareholders of the parent company for the period divided by the weighted average number of outstanding common shares during the year.

The calculation of diluted earnings per share is determined by dividing the net income attributable to the shareholders of the parent company for the period by the weighted average number of outstanding ordinary shares during the period, adjusted for the effects of all dilutive potential ordinary shares, including stock options and convertible bonds. This calculation reflects the potential dilution that could occur if all dilutive securities were exercised or converted into ordinary shares.

1. Basic earnings per share

| | 2023 | 2022 |
|---|------------|------------|
| Net loss attributable to common stockholders (NT\$ thousands) | \$(36,309) | \$(34,955) |
| Weighted average shares outstanding - basic (thousands of shares) | 37,000 | 37,000 |
| Basic earnings per share (NT\$) | \$(0.98) | \$(0.94) |

No significant changes to the end-of-period outstanding common stocks or potential common stocks occurred between the reporting period and the issuance of the financial statements.

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7. Related Party Transaction

The related parties who had transactions with the Group during the financial reporting period are as follows:

Name and relationship of related-party

| <u>Name of related parties</u> | <u>Relationship with the Company</u> |
|---|--------------------------------------|
| H&M Semiconductor(Sichuan) Co., Ltd. (H&M Sichuan) | Subsidiary of the Company |
| Ding Hong International Investment Ltd. (Ding Hong International Investment) | Substantive Related Parties |
| Tarng Bennet Yun | Key Management personnel |

Significant related-party transactions

1. Sales

| | <u>2023</u> | <u>2022</u> |
|---------------|-------------|-------------|
| H&M (Sichuan) | \$1,917 | \$3,666 |

The subsidiary in Mainland China sells products domestically and purchases chip from the Company. The sales price is calculated based on the cost plus markup, and the payment term is 4 to 10 months after monthly settlement. The payment terms for other customers are generally 1 to 6 months after monthly settlement.

2. Purchases

| | <u>2023</u> | <u>2022</u> |
|---------------|-------------|-------------|
| H&M (Sichuan) | \$21,467 | \$33,055 |

The Company entrusts its subsidiary to process semi-finished products and pays processing fees based on actual processing costs and related expenses. The payment period for processing fees is 4 to 10 months from the end of each month. General payment terms are 1 to 6 months from the end of each month.

3. Disposal of real estate, plant and equipment

As of December 31, 2023:

| | <u>Asset</u> | <u>Sales Proceeds</u> | <u>Gain on Sale</u> |
|------------------|-----------------------------|-----------------------|---------------------|
| Tarng Bennet Yun | Transportation Equipment | \$10 | \$10 |

As of December 31, 2022 : None.

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4. Financing Status

(1) The related-party financing arrangements of the Company are as follow:

As of December 31, 2023:

| | 2023 | | | | |
|--|-------------------|------------------------------|------------------|---------------------------------------|--|
| | Maximum amount | End-of- period balance | Interest rate | Total interest income (expense) | End-of- period accounts receivable (payable) for interest |
| <u>Other account receivable (financing, included in other receivables - related parties)</u> | | | | | |
| H&M (Sichuan) | \$151,445 | \$54,079 | - | \$ - | \$ - |

As of December 31, 2022:

| | 2022 | | | | |
|--|-------------------|------------------------------|------------------|---------------------------------------|--|
| | Maximum amount | End-of- period balance | Interest rate | Total interest income (expense) | End-of- period accounts receivable (payable) for interest |
| <u>Other account receivable (financing, included in other receivables - related parties)</u> | | | | | |
| H&M (Sichuan) | \$52,436 | \$52,423 | - | \$ - | \$ - |

(2) The financing transactions between the Company and related-party are as follows:

As of December 31, 2023:

| | 2023 | | | | |
|--|-------------------|------------------------------|------------------|--|--|
| | Maximum amount | End-of- period balance | Interest rate | Total interest income (expense) | End-of-period accounts receivable (payable) for interest |
| <u>Accounts payable (related-party financing, included in other pay ables - related parties)</u> | | | | | |
| Ding Hong International Investment | \$20,000 | \$ - | 2.65% | \$(23) | \$ - |

As of December 31, 2022 : None.

5. The Remuneration of the Major Management Personnel of the Company

| | 2023 | 2022 |
|------------------------------|---------|---------|
| Short-term employee benefits | \$2,004 | \$2,468 |

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8. Pledged Assets

The Company has the following assets as collateral:

| Item | Carrying Amount | | Contents of Secured Debt |
|------------------------------------|-------------------|-------------------|---------------------------------------|
| | December 31, 2023 | December 31, 2022 | |
| Other Financial Assets- Current | \$55,269 | \$55,278 | Short-term borrowings of subsidiaries |
| Machinery equipment | 25,226 | — | Collateral for long-term loans |
| Prepayments for Equipment | 10,794 | 30,612 | Collateral for long-term loans |
| Total | \$36,020 | \$30,612 | |

9. Significant Contingent Liabilities and Unrecognized Commitments

| | 2023 | 2022 |
|--|----------|----------|
| Inventory purchases ordered but not yet received | \$— | \$50 |
| Acquisition of property, plant and equipment | \$10,458 | \$17,415 |
| Other purchases | \$130 | — |

10. Significant Disaster Losses

None.

11. Significant Subsequent Events

None.

12. Others

(1)Categories of financial instruments

Financial assets

| | As of December 31, 2023 | As of December 31, 2022 |
|---|-------------------------|-------------------------|
| On financial assets at fair value through profit or loss | | |
| Fair value through profit or loss: | | |
| Fair value through profit or loss: | \$51,661 | \$52,084 |
| Amortized cost | | |
| Cash and cash equivalent (not including cash on hand) | 15,720 | 13,382 |
| Notes and accounts receivable (including related parties) | 4,580 | 4,082 |
| Other receivables (including related parties) | 54,280 | 52,520 |
| Other financial asset-current | 55,269 | 55,278 |
| Subtotal | 129,849 | 125,262 |
| Total | \$181,510 | \$177,346 |

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Financial liabilities

| | As of December 31, 2023 | As of December 31, 2022 |
|--|----------------------------|----------------------------|
| Financial liabilities measured at amortized cost: | | |
| Short-term loans | \$30,000 | \$30,000 |
| Accounts payable and other payables (including related parties) | 3,964 | 7,229 |
| Long-term loans (including current portion) | 36,700 | 19,889 |
| Total | \$70,664 | \$57,118 |

(2) Financial risk management and policy

The primary objective of financial risk management for the Company is to manage market risk, credit risk, and liquidity risk related to the operational activities, and to identify, measure, and manage these risks according to the policies and risk preferences.

The Company has established appropriate policies, procedures, and internal controls in accordance with relevant regulations for the management of the aforementioned financial risks. Significant financial activities are subject to review by the board of directors and similar audit committee units in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Company must strictly comply with the relevant regulations for financial risk management that have been established.

(3) Market risk

The market risk of the Company refers to the risk that the fair value or cash flows of its financial instruments may fluctuate due to market price changes. Market risks mainly include currency risk, interest rate risk, and other price risks.

In practice, it is rare for a single risk variable to change independently, and the changes in various risk variables are usually interrelated. However, the sensitivity analysis of each risk variable below does not consider the interactive effects of related risk variables.

Currency risk

The Company's currency risk is mainly related to its operating activities (when the currency used for income or expenses is different from the Company's functional currency) and net investments in foreign operations.

For some foreign currency receivables and payables of the Company that are denominated in the same currency, a natural hedging effect is generated for the corresponding positions. For some other foreign currency items, forward foreign exchange contracts are used to manage currency risk. However, as the natural hedging and hedging through forward foreign exchange contracts do not comply with the hedge accounting requirements, the Company does not adopt hedge accounting for these items. In addition, the net investment in foreign operations is regarded as a strategic investment, and therefore, the Company does not hedge against it.

The sensitivity analysis of the Company's currency risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and analyzes the impact

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of a 1% increase or decrease in the relevant foreign currency exchange rate on the Company's income and equity. The Company's currency risk is mainly affected by fluctuations in the US dollar and the Chinese yuan. The sensitivity analysis information is as follows:

- A. If the New Taiwan Dollar appreciates/depreciates by 1% against the US Dollar, it will result in a decrease of NT\$ 677,000 and 579,000 in the net income of the Company at the end of 2023 and 2022, respectively.
- B. If the New Taiwan Dollar appreciates/depreciates by 1% against the Chinese Yuan, it will result in a decrease of NT\$ 0 and 534,000 in the net income of the Company at the end of 2023 and 2022, respectively.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in fair value or future cash flows of financial instruments caused by changes in market interest rates. The interest rate risk of the Company mainly arises from fixed-rate and floating-rate loans.

The Company manages its interest rate risk by maintaining an appropriate mix of fixed and floating rates and using interest rate swap contracts, but has not applied hedge accounting as it does not meet the criteria.

The sensitivity analysis of interest rate risk primarily focuses on the floating-rate investments and borrowings as of the end of the reporting period, assuming a holding period of one accounting year. When the interest rate rises/falls by 100 basis points, the impact on the Company's income for the years ended December 31, 2023 and 2022 would be an increase of NT\$ 42,000 and NT\$ 187,000, respectively.

(4) Credit Risk Management

Credit risk refers to the risk of financial loss due to the counterparty's failure to fulfill the obligations specified in the contract. The credit risk of the Company is mainly caused by business activities (mainly accounts receivable and notes) and financial activities (mainly bank deposits and various financial instruments).

Each unit of the Company follows the policies, procedures, and controls for credit risk management. All credit risk assessments consider factors such as the counterparty's financial condition, credit rating agencies' ratings, past transaction experiences, current economic environment, and internal rating standards of the Company.

The Company also uses certain credit enhancement tools (such as prepayments and insurance) to reduce the credit risk of specific counterparties at appropriate times.

As of December 31, 2023 and 2022, the percentage of the top ten customers' accounts receivable to the Company's total accounts receivable was 99.4% and 91.9%, respectively. The credit concentration risk of other accounts receivable is relatively low.

The finance department of the Company manages the credit risk of bank deposits and other financial instruments in accordance with the Company's policy. The Company's counterparties are well-established domestic and foreign financial institutions, therefore there is no significant credit risk.

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The Company applied IFRS 9 to evaluate expected credit losses, and the relevant information on credit risk assessment is as follows:

| Category | Indicator | The method for measuring expected credit losses | Total Carrying Amount | |
|-------------------------|-----------|--|-------------------------|-------------------------|
| | | | As of December 31, 2023 | As of December 31, 2022 |
| Simplified method(Note) | — | Expected credit losses during the remaining lifetime | \$4,616 | \$4,114 |

Note: Include notes and accounts receivable.

(5) Liquidity Risk Management

The Company maintains financial flexibility through contracts such as cash and cash equivalents, highly liquid securities, and bank borrowings. The following table summarizes the maturity profile of the remaining payments for non-derivative financial liabilities with agreed repayment terms, based on the earliest possible repayment date and using undiscounted cash flows. The amounts listed include the agreed-upon interest. The undiscounted interest amounts paid in cash flow with floating interest rates are based on the yield curve derived from the end of the reporting period.

Non-derivative financial liabilities

| | Less than 1 Year | 2-3 Years | 4-5 Years | More Than 5 Years | Total |
|-------------------------|---------------------|--------------|--------------|----------------------|----------|
| As of December 31, 2023 | | | | | |
| Loans | \$38,674 | 17,768 | 10,332 | — | \$66,774 |
| Accounts payable | \$3,890 | — | — | — | \$3,890 |
| As of December 31, 2022 | | | | | |
| Loans | \$34,074 | 8,286 | 7,589 | — | \$49,949 |
| Accounts payable | \$7,169 | — | — | — | \$7,169 |

The disclosure of the table above regarding derivative financial liabilities is presented using the total undiscounted cash flow.

(6) Adjustment of Liabilities from Financing Activities

Adjustment information of liabilities for the year 2023 as follows:

| | Short-term loans | Long-term loans | Total amount of liabilities from financing activities |
|-------------------------|---------------------|--------------------|--|
| As of January 1, 2023 | \$30,000 | \$19,889 | \$49,889 |
| Cash flow | — | 16,811 | 16,811 |
| Non-cash change | — | — | — |
| As of December 31, 2023 | \$30,000 | \$36,700 | \$66,700 |

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Adjustment information of liabilities for the year 2022 as follows:

| | Short-term loans | Long-term loans | Total amount of liabilities from financing activities |
|-------------------------|---------------------|--------------------|--|
| As of January 1, 2022 | \$— | \$— | \$— |
| Cash flow(Note) | 30,000 | 19,889 | 49,889 |
| Non-cash change | — | — | — |
| As of December 31, 2022 | <u>\$30,000</u> | <u>\$19,889</u> | <u>\$49,889</u> |

(7) Fair Value of Financial Instruments

1. Valuation technology and assumptions used to measure fair value of financial instruments

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

- A. Cash and cash equivalents, accounts receivable, deposits paid, accounts payable, and other current liabilities are measured at their carrying amounts, which approximate their fair values, primarily because these instruments have short maturities.
- B. Financial assets and financial liabilities that are traded in active markets and have standard terms and conditions, such as publicly traded stocks, securities, bonds, and futures, are measured using quoted market prices.
- C. Equity instruments that are not traded in active markets, such as privately placed stocks, stocks of public companies not traded in active markets, and stocks of unlisted companies, are measured using market-based methods. This involves estimating fair value using information such as prices of similar instruments that have been traded in active markets or other relevant information (such as discounts for lack of liquidity, price-to-earnings ratios of similar companies, and price-to-book ratios of similar companies).
- D. Debt instruments, investments, bank loans, corporate bonds, and other non-current liabilities that do not have quoted market prices are measured using valuation techniques that take into account the counterparty quotes or appropriate valuation techniques. Valuation techniques are based on discounted cash flow analysis, with assumptions for interest rates and discount rates obtained from similar instruments and relevant information (such as dividend yield curves from the TPEX, Reuters commercial paper rate average quotes, and credit risk).
- E. Derivative financial instruments that do not have quoted market prices are valued using counterparty quotes or using a discounted cash flow analysis based on dividend yield curves for the remaining term of the derivative. For options, counterparty quotes, appropriate option pricing models (such as Black-Scholes Model), or other valuation methods (such as Monte Carlo Simulation) are used to determine fair value.

2. Fair Value of Financial Instruments Measured Using Amortized Cost

The carrying amount of financial assets and liabilities measured using amortized cost is considered to be a reasonable approximation of their fair values.

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(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

3. Information on Fair Value Hierarchy of Financial Instruments

Please refer to Note 12、8 for the fair value hierarchy information for financial instruments of the Company.

(8) Fair Value Hierarchy

1. Definition of Fair Value Hierarchy

All assets and liabilities measured or disclosed at fair value are classified into their respective levels within the fair value hierarchy based on the significance of the inputs used in measuring the fair value of the asset or liability. The three levels of inputs are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

2. Fair Value Measurement Hierarchy Information

The Company did not have any non-recurring assets measured at fair value, and the fair value hierarchy information for recurring assets and liabilities is as follows:

As of December 31, 2023:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Financial assets measured at fair value: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Share | \$51,661 | \$— | \$— | \$51,661 |

As of December 31, 2022:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Fair value measured financial assets: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Share | \$52,084 | \$— | \$— | \$52,084 |

Transfer between level 1 and level 2 fair value hierarchy

There were no transitions between Level 1 and Level 2 of the fair value hierarchy for the recurring fair value measurements of assets and liabilities for 2023 and 2022.

Details of changes in fair value of Level 3 recurring financial assets and liabilities

The adjustments to the beginning and ending balances of the Level 3 financial assets and liabilities that were measured at fair value on a recurring basis by the Company are presented below:

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| | Asset |
|-------------------------|-----------------------------------|
| | Fair Value through Profit or Loss |
| | Share |
| As of January 1, 2023 | \$— |
| (Transferred) Level 3 | \$— |
| As of December 31, 2023 | \$— |

| | Asset |
|-------------------------|-----------------------------------|
| | Fair Value through Profit or Loss |
| | Share |
| As of January 1, 2022 | \$6,796 |
| (Transferred) Level 3 | (6,796) |
| As of December 31, 2022 | \$— |

(9) Significant Information on Foreign Currency Financial Assets and Liabilities

The significant foreign currency financial assets and liabilities information of the Group is as follows:

| | As of December 31, 2023 | | |
|--------------------------------------|-------------------------|---------------|-------------------|
| | Foreign Currency | Exchange Rate | New Taiwan Dollar |
| Financial asset | | | |
| Currency: | | | |
| US dollar | \$2,195 | 30.7050 | \$67,392 |
| Chinese Yuan | \$9 | 4.3270 | \$39 |
| Investments under the equity method: | | | |
| US dollar | \$2,590 | 30.7050 | \$79,526 |
| | | | |
| | As of December 31, 2022 | | |
| | Foreign Currency | Exchange Rate | New Taiwan Dollar |
| Financial asset | | | |
| Currency: | | | |
| US dollar | \$1,966 | 30.7100 | \$60,376 |
| Chinese Yuan | \$12,124 | 4.4080 | \$53,442 |
| Investments under the equity method: | | | |
| US dollar | \$3,403 | 30.7100 | \$104,517 |
| | | | |
| Financial liability | | | |
| Currency: | | | |
| US dollar | \$80 | 30.7100 | \$2,456 |

The above information is disclosed based on the foreign currency carrying amount (converted to the functional currency).

MOSPEC SEMICONDUCTOR CORPORATION
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(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Due to the various functional currencies involved in the foreign currency transactions of the Company, it is impractical to disclose the impact of each significant currency separately. Therefore, the gains or losses on foreign currency translation are aggregated and disclosed. For the years ended December 31, 2023 and 2022, the Company had a translation loss of NT\$ (274,000) and a translation gain of NT\$ 7,343,000 respectively on its monetary financial assets and financial liabilities.

10. Capital management

The primary objective of capital management for the Group is to ensure a sound credit rating and favorable financing costs, in order to support business operations and maximize shareholder equity. The Group manages and adjusts its capital structure based on operating and economic conditions, and may achieve the goal of maintaining and adjusting its capital structure by adjusting dividend payments, returning capital, or issuing new shares.

13. Additional Disclosures

A. Information related to Significant Transactions:

- (A). Financings provided: See Table 1 attached.
- (B). Endorsement/guarantee provided: See Table 2 attached.
- (C). Marketable securities held: See Table 3 attached.
- (D). Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (E). Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (F). Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (G). Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None.
- (H). Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (I). Information about the derivative financial instruments transaction: None.

B. Information on investment in subsidiary:

For companies that the Group has invested in and directly or indirectly exerts significant influence, control, or joint control outside of Mainland China, the name, location, main business, original investment amount, year-end shareholding, current period profit or loss, and investment gains or losses recognized should be disclosed. Please refer to Table 4 for details.

C. Investment information in Mainland China:

- (A). Investment information in Mainland China: please refer to Table 5.
- (B). Significant transaction matters with the subsidiaries in Mainland China directly or indirectly through third-party territories, as well as their prices, payment terms, and unrealized gains or losses:
 - a. Purchased amount and percentage, as well as the year-end balance and percentage of related payables: please refer to Table 6 for details.

MOSPEC SEMICONDUCTOR CORPORATION
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(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

- b. Sales amount and percentage, as well as the year-end balance and percentage of related receivables: please refer to Table 6 for details.
 - c. Property transaction amount and the resulting gain or loss amount: None.
 - d. End-of-period balance and purpose of notes endorsed/guaranteed or provided with collateral: None.
 - e. Maximum balance, year-end balance, interest rate range, and total interest amount for financing: None.
 - f. Other significant transaction matters that have a significant effect on current profit or financial position: None.
- D. Information on major shareholders: please refer to Table 7.

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements
(Expressed in thousands of NTS, unless otherwise indicated)
Loans to others

Table 1

| Number (Note 1) | Creditor | Borrower | General ledger Account (Note 2) | Is a related party | Maximum outstanding balance during the year ended December 31, 2023(Note 3) | Balance at December 31, 2023 | Actual amount drawn down | Interes t rate | Nature of loan (Note 4) | Amount of transactions with borrower (Note 5) | Reason for short-term financing (Note 6) | Allowance for doubtful accounts | Collateral | | Limit on loans granted to a single party | Ceiling on total loans granted | Footnote |
|--------------------|-------------------------------|--|--|--------------------------|--|------------------------------------|--------------------------------|-------------------|----------------------------|--|---|---|------------|-------|--|--------------------------------------|----------|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | Mospec Semiconductor Corp. | H&M Semiconductor (Sichuan) Co., Ltd. | Other receivables from related parties | Yes | \$151,445 | \$64,905 | \$54,079 | — | 2 | — | Working capital requirement | Included in consolidated statements exempted from provision | — | — | \$185,333 | \$185,333 | (Note 7) |

Note 1: The number filled in for the loans provided by the Company or subsidiaries are as follows.

(1) The company is "0".

(2) The subsidiaries are numbered in order starting from "1".

Note 2: Fill in the name of account in which the loans are recognized, such as receivables-related parties, current account with shareholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum balance of loans to others for the period.

Note 4: The column of "Nature of loan" shall fill in:

(1) "Business transaction" is 1.

(2) "Short-term financing" is 2.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current period.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: The Company's operational procedures for making loans to others stipulate that the total amount of external loans provided by the Company shall not exceed 40% of the net equity. However, this limitation does not apply to foreign companies in which the Company directly or indirectly holds 100% of voting For a single company, loans shall not exceed 40% of the Company's net equity.

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements

(Expressed in thousands of NT\$, unless otherwise indicated)

Guarantees and endorsements for other parties

Table 2

| Number (Note 1) | Endorser/Guarantor | Party being endorsed/guaranteed | | Limit on endorsements/ guarantees provided for a single party (Note 3) | Maximum outstanding endorsement / guarantee amount during the period(Note 4) | Outstanding endorsement/ guarantee amount at December 31, 2023(Note 5) | Actual amount drawn down (Note 6) | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company | Ceiling on total amount of endorsements/g uarantees provided (Note 3) | Provision of endorsements/ guarantees by parent company to subsidiary (Note 7) | Provision of endorsements/g uarantees by subsidiary to parent company (Note 7) | Provision of endorsements/ guarantees to the party in Mainland China(Note 7) |
|--------------------|----------------------------|---------------------------------------|---|---|---|---|---|--|---|--|---|---|---|
| | | Company name | Relationship with the endorser/guarantor (Note 2) | | | | | | | | | | |
| 0 | Mospec Semiconductor Corp. | H&M Semiconductor (Sichuan) Co., Ltd. | 2 | \$92,667 | \$55,269 | \$55,269 | \$55,269 | \$55,269 | 11.93% | \$92,667 | Y | N | Y |

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) Subsidiary which owned more than 50 percent by the guarantor.

(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.

(4) The parent company that directly or indirectly through its subsidiaries holds more than 50% of the common stock equity of the company.

(5) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: In accordance with the "operational procedures for endorsement guarantee", the company may provide endorsements and guarantees for companies in which it directly or indirectly holds 90% or more of the voting shares, with the amount not exceeding 10% of the net value in the company's most recent financial statements. However, for companies in which the company directly or indirectly holds 100% of the voting shares, this limitation does not apply, but the amount should not exceed 20% of the net value in the company's most recent financial statements. Based on the net value of the Company as of December 31, 2023, which is NT\$ 463,333,000, the limit on endorsements or guarantees provided by the Company for a single company is NT\$ 92,667,000 or 20% of the net value, whichever is lower. Ceiling on total amount of endorsements/guarantees is also NT\$ 92,667,000 or 20% of the net value as of December 31, 2023.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: The amount approved by the Board of Directors should be filled in. However, if the Chairman is authorized to decide on the matter in accordance with Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount determined by the Chairman.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements

(Expressed in thousands of NT\$, unless otherwise indicated)

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Table 3

| Securities held by | Category of Marketable Securities (Note 1) | Name of Marketable Securities(Note 1) | Relationship with the securities issuer(Note 2) | General ledger account | As of December 31, 2023 | | | | Footnote |
|----------------------------|--|---|---|--|-------------------------|---------------------|---------------|------------|----------|
| | | | | | Number of shares | Book value (Note 3) | Ownership (%) | Fair value | |
| Mospec Semiconductor Corp. | NASDAQ-listed stocks in the United States | Hoku Scientific Inc. | — | Financial asset measured at fair value through profit/loss | 24 | — | — | — | — |
| | Unlisted (OTC) stocks | Luxtaltek Corporation | — | Financial asset measured at fair value through profit/loss | 27,660 | — | — | — | — |
| | Emerging stock market shares | Taiwan Speciality Chemicals Corporation | — | Financial asset measured at fair value through profit/loss | 595,583 | \$51,661 | 0.43% | \$51,661 | — |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9, "Financial instruments: recognition and measurement".

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: As it is a financial product, there is no shares or ownership percentage.

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements
(Expressed in thousands of NT\$, unless otherwise indicated)
Information on investees (not including investee company of Mainland China)

Table 4

| Investor | Investee (Note 1, Note 2) | Location | Main business activities | Currency | Initial investment amount(thousand dollar) | | Shares held as of December 31, 2023 | | | Net profit (loss) of the investee For the year ended December 31, 2023(Note 2) | Investment profit (loss) recognized by the Company For the year ended December 31, 2023(Note 3) | Footnote |
|-------------|------------------------------|--|--------------------------|----------|--|---------------------------------|-------------------------------------|---------------|------------|--|---|----------|
| | | | | | Balance as of December 31, 2023 | Balance as of December 31, 2022 | Number of shares | Ownership (%) | Book value | | | |
| The Company | NHM B.V.I. Holdings Ltd. | Quastishy Building P.O.Box 4389, Road Town, Tortola, British Virgin Islands. | Reinvestment activities | NTD | \$466,874 | \$466,874 | 10,804,742 | 100.00% | \$73,731 | \$ (24,034) | \$ (23,716) | |

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of "Investee", "Location", "Main business activities", "Initial investment amount" and "Shares held as at December 31, 2023" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the "footnote" column.
- (2) The "Net profit (loss) of the investee for the year ended December 31, 2023" column should fill in amount of net profit (loss) of the investee for this period.
- (3) The "Investment profit (loss) recognized by the Company for the year ended December 31, 2023" column should fill in the Company (public company) recognized investment profit(loss) of its direct subsidiary and recognized investment profit (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment profit (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment profit (loss) which shall be recognised by regulations.

Note 3: The investment profit (loss) recognized by the Company include unrealized profit (loss) between affiliates.

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements
(Expressed in thousands of NT\$, unless otherwise indicated)
Information on investments in Mainland China

Table 5

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note 1) | Accumulated outflow of investment from Taiwan as of 2023/1/1 | Investment flows for the period | | Accumulated outflow of investment from Taiwan as of December 31, 2023 | Net income (losses) of the investee | Ownership held by the Company (direct of indirect) (%) | Investment income(loss) recognized by the Company for the year ended December 31, 2023(Note 2) | Book value of investments in Mainland China as of December 31, 2023 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023 |
|---|--|-------------------------------|----------------------------|--|---|--------|---|--|--|--|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| H&M Semiconductor (Sichuan) Co., Ltd. | Manufacturing and sales of cutting-edge electronic components , as well as the trading of solar cell wafers. | \$296,190 (US\$10,000,000) | 2 NHM B.V.I. Holdings Ltd. | \$296,190 | \$- | \$- | \$296,190 | \$(23,470) | 100.00% | \$(23,470) | \$49,402 | \$- |
| Accumulated Investment in Mainland China as of December 31, 2023 | | | | | Investment Amounts Authorized by Investment Commission, MOEA | | | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA(Note 3) | | | | |
| \$296,190 (US\$10,000,000) | | | | | \$296,190 (US\$10,000,000) | | | \$278,000 (Net worth \$463,333,000*60%) | | | | |

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China
- (2) Through investing in an existing company, in the third area (please specify the investing company in that third region).
- (3) Others

Note 2: The financial statements that are audited and attested by R.O.C. parent company's CPA.

Note 3: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Company's net worth.

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements

(Expressed in thousands of NT\$, unless otherwise indicated)

Information on Amount and percentage of purchases (sales) and the ending balance percentage of related accounts payable (receivable) in Mainland China

Table 6

| Purchaser/Seller | Counterparty | Relationship with the counterparty | Transaction Status | | | | Differences in transaction terms compared to third party transactions | | Notes/accounts receivable (payable) | | Footnote |
|------------------|---------------------------------------|------------------------------------|--------------------|-----------|-------------------------------------|--|---|----------------|-------------------------------------|---|----------|
| | | | Purchases/sales | Amount | Percentage of total purchases/sales | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | |
| The Company | H&M Semiconductor (Sichuan) Co., Ltd. | Its subsidiaries | Sale | \$(1,917) | (6%) | Payment within 120 days after the end of the month | Not applicable | Not applicable | — | — | — |
| | | | Purchase | \$21,467 | 99% | Payment within 120 days after the end of the month | Not applicable | Not applicable | — | — | — |

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements

(Expressed in thousands of NT\$, unless otherwise indicated)

Major shareholders information

Table 7

| Major Shareholder | Number of shares held | Ownership (%) |
|---|-----------------------|---------------|
| Dinghong International Investment Co., Ltd. | 8,735,109 | 23.60% |
| Mingpei Investment Co., Ltd. | 2,320,579 | 6.27% |
| Pi-Lien, Hsieh | 2,140,802 | 5.78% |

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form

which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept in trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

Statements of Major Accounting Items

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MOSPEC SEMICONDUCTOR CO., LTD.

1. STATEMENT OF CASH AND CASH EQUAVILENTS

As of December 31, 2023

Unit: NT\$ thousand

| Item | Description (Unit: Foreign Currency Cents) | Amount | Note | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|--|-----------------|------------|---------------------------|-------|---------------------------|-----|----------|---------|----|----------|-----|----------|---------|----|---------------------------|-----|-----------|---------|---|---------|--|--|--|--|---------------------------|--|--|--|--|---------|--|--|--|--|---------------------------|--|--|--|--|----------|--|
| Petty Cash and Cash on Hand | | \$158 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank Deposits: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TWD Deposit | | 7,397 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Foreign Currency Deposits | <table border="0"> <tr> <td>USD</td> <td>269,256.02</td> <td>dollars</td> <td>8,267</td> <td>USD to TWD exchange rate:</td> </tr> <tr> <td>CNY</td> <td>9,364.00</td> <td>dollars</td> <td>41</td> <td>1:30.705</td> </tr> <tr> <td>HKD</td> <td>2,496.84</td> <td>dollars</td> <td>10</td> <td>CNY to TWD exchange rate:</td> </tr> <tr> <td>JPY</td> <td>21,882.00</td> <td>dollars</td> <td>5</td> <td>1:4.327</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>HKD to TWD exchange rate:</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>1:3.929</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>JPY to TWD exchange rate:</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>1:0.2172</td> </tr> </table> | USD | 269,256.02 | dollars | 8,267 | USD to TWD exchange rate: | CNY | 9,364.00 | dollars | 41 | 1:30.705 | HKD | 2,496.84 | dollars | 10 | CNY to TWD exchange rate: | JPY | 21,882.00 | dollars | 5 | 1:4.327 | | | | | HKD to TWD exchange rate: | | | | | 1:3.929 | | | | | JPY to TWD exchange rate: | | | | | 1:0.2172 | |
| USD | 269,256.02 | dollars | 8,267 | USD to TWD exchange rate: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CNY | 9,364.00 | dollars | 41 | 1:30.705 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HKD | 2,496.84 | dollars | 10 | CNY to TWD exchange rate: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| JPY | 21,882.00 | dollars | 5 | 1:4.327 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | HKD to TWD exchange rate: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | 1:3.929 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | JPY to TWD exchange rate: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | 1:0.2172 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Bank Deposits | | 15,720 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | | <u>\$15,878</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

MOSPEC SEMICONDUCTOR CO., LTD.

2. STATEMENT OF NOTES RECEIVABLE, NET

As of December 31, 2023

Unit: NT\$ thousand

| Client | Description | Amount | Note |
|----------------------------------|-------------|--------|------|
| Mintown Enterprise Co., Ltd | Trade | \$15 | |
| A Wellmart Electronics Co., Ltd. | Trade | 10 | |
| Total | | 25 | |
| Less: Allowance for Losses | | — | |
| Net Amount | | \$25 | |

MOSPEC SEMICONDUCTOR CO., LTD.

3. STATEMENT OF ACCOUNTS RECEIVABLE, NET

As of December 31, 2023

Unit: NT\$ thousand

| Client | Description | Amount | Note |
|----------------------------------|-------------|---------|------|
| Hawyang Semiconductor Corp. | Trade | \$2,839 | |
| Welcheng Technologies, Inc. | Trade | 763 | |
| Source Well Technology Co., Ltd. | Trade | 470 | |
| Premier Farnell Limited. | Trade | 371 | |
| Other | (Note) | 148 | |
| Less: Allowance for Losses | | (36) | |
| Net Amount | | \$4,555 | |

Note: The individual balance included does not exceed 5% of the total accounts receivable balance.

MOSPEC SEMICONDUCTOR CO., LTD.

4. STATEMENT OF OTHER RECEIVABLES AND OTHER RECEIVABLES-RELATED PARTY

As of December 31, 2023

Unit: NT\$ thousand

| Item | Description | Amount | Note |
|--------------------------------------|-------------|-----------------|-----------------------------------|
| <u>Non-related Party</u> | | | |
| Other Receivables - Others | | \$121 | Time Deposit Interest |
| Accounts Receivable - Tax Refunds | | 80 | Accounts receivable - tax refunds |
| <u>Related Party</u> | | | |
| H&M Semiconductor(Sichuan) Co., Ltd. | | 54,079 | Capital Financing |
| Total | | <u>\$54,280</u> | |

MOSPEC SEMICONDUCTOR CO., LTD.

5. STATEMENT OF INVENTORIES

As of December 31, 2023

Unit: NT\$ thousand

| Item | Description | Cost | Net Realizable Value | Note |
|--|---|----------------|----------------------|---|
| Raw Materials | Mainly includes ingots, wafers, leadframes, gold wires, adhesive wafers, chemical materials and spare parts, etc. | \$29,140 | \$0 | Net realizable value refers to the estimated selling price under normal circumstances. The remaining balance after deducting the cost and sales expenses still required to complete the work. Allowance for inventory obsolescence is based on the net realizable value and the possibility of inventory stagnation. |
| Work in Process (including semi-finished products) | Mainly includes wafers, chips, power transistors, diodes, and solar cell chips, etc. | 133,622 | 5,852 | |
| Finished Goods | Mainly includes power transistors, diodes, and solar cell chips, etc. | 35,017 | 52 | |
| Total | | <u>197,779</u> | | |
| Less: Allowance for Inventory Obsolescence | | (191,875) | | |
| Net amount | | <u>\$5,904</u> | \$5,904 | |

MOSPEC SEMICONDUCTOR CO., LTD.

6. STATEMENT OF OTHER CURRENT ASSETS

As of December 31, 2023

Unit: NT\$ thousand

| Item | Description | Amount | Note |
|-------------------------------------|-------------|----------------|------|
| Offset Against Business Tax Payable | | \$2,759 | |
| Other prepaid expenses | | 340 | |
| Input Tax | | 265 | |
| Others | (Note) | 184 | |
| Total | | <u>\$3,548</u> | |

Note: The individual balance included does not exceed 5% of the total other current assets balance.

MOSPEC SEMICONDUCTOR CO., LTD.

7. STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

2023 January 1 to December 31

Unit: NT\$ thousand

| Financial Instrument | Beginning Balance | | Accumulated Impairment Loss | | Current Increase | | Current Decrease | | Ending Balance | | | Collateral or Pledged Status | Note |
|---|-------------------|------------|-----------------------------|------------|------------------|------------|------------------|------------|----------------|--------------------|------------|------------------------------|----------|
| | Shares | Fair Value | Shares | Fair Value | Shares | Fair Value | Shares | Fair Value | Shares | Shareholding Ratio | Fair Value | | |
| Hoku Scientific Inc. | 24 | \$5 | — | \$(5) | — | \$— | — | \$— | 24 | — | \$— | None | |
| Luxtaltek Coporation | 27,660 | 122 | — | (122) | — | — | — | — | 27,660 | — | — | None | |
| Taiwan Speciality Chemicals Corporation | 595,583 | 52,084 | — | — | — | — | — | \$(423) | 595,583 | 0.43% | 51,661 | None | (Note 1) |
| Total | | \$52,211 | | \$(127) | | \$— | | \$(423) | | | \$51,661 | | |

(Note 1): The decrease in current period represents the fair value loss on financial assets measured at fair value through profit or loss.

MOSPEC SEMICONDUCTOR CO., LTD.

8. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

2023 January 1 to December 31

Unit: NT\$ thousand

| Investees | Beginning Balance | | Current Increase | | Current Decrease | | Ending Balance | | | Market Price or Equity Net Value | | Collateral or Pledge Status | Note |
|-------------------------------------|-------------------|----------|------------------|---|------------------|--------|----------------|--------------------|----------|----------------------------------|--------------|-----------------------------|------|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Shareholding Ratio | Amount | Unit Price | Total Amount | | |
| Subsidiary - NHM (BVI) Holding Ltd. | 10,804,742 | \$98,403 | — | \$(23,716) (Note 1) (956) (Note 2) | — | \$— | 10,804,742 | 100.00% | \$73,731 | — | \$79,527 | None | |

Note 1: Refers to the share of the subsidiary's profit or loss recognized using the equity method, as well as the downstream unrealized profit or loss, upstream unrealized sales profit, and upstream realized sales profit.

Note 2: Refers to the exchange difference arising from the translation of the financial statements of foreign operating entities recognized under the equity method.

MOSPEC SEMICONDUCTOR CO., LTD.
 9. STATEMENT OF SHORT-TERM LOANS
 As of December 31, 2023

Unit: NT\$ thousand

| Loan Type | Description | Contract Period | Interest Rate (Annual) | Ending Balance | Credit Limit | Collateral or Pledge Status | Note |
|----------------|---|-------------------------------------|------------------------|----------------|--------------|-----------------------------|------|
| Unsecured loan | First Commercial Bank - Southern Taiwan Science Park Branch | July 11, 2023 - January 11, 2024 | 2.650% | \$30,000 | \$30,000 | None | |

MOSPEC SEMICONDUCTOR CO., LTD.
 10. CONTRACT LIABILITIES-CURRENT
 As of December 31, 2023

Unit: NT\$ thousand

| Client | Description | Amount | Note |
|------------------------|-------------|--------|------|
| Unearned Sales Revenue | | \$31 | |

11. STATEMENT OF OTHER PAYABLES
 As of December 31, 2023

Unit: NT\$ thousand

| Item | Description | Amount | Note |
|----------------------------|-------------|---------|------|
| <u>Non-related parties</u> | | | |
| Other Payable Expenses | | \$2,335 | |
| Salaries Payable | | 1,120 | |
| Equipment Payable | | 315 | |
| Other | | 194 | |
| Total | | \$3,964 | |

12. STATEMENT OF OTHER CURRENT LIABILITIES - OTHERS
 As of December 31, 2023

Unit: NT\$ thousand

| Item | Description | Amount | Note |
|------------------------|--|--------|------|
| Receipts under Custody | collection on behalf of labor and health insurance, meals, etc | \$105 | |

13. STATEMENT OF NET DEFINED BENEFIT LIABILITIES - CURRENT
 As of December 31, 2023

Unit: NT\$ thousand

| Item | Description | Amount | Note |
|---|-------------|---------|------|
| Net Defined Benefit Liabilities - Current | | \$1,016 | |

MOSPEC SEMICONDUCTOR CO., LTD.
14. STATEMENT OF LONG-TERM LOANS
As of December 31, 2023

Unit: NT\$ thousand

| Creditor | Description | Ending Balance | Contract Period | Interest Rate | Collateral or Pledge Status | Note |
|---|----------------|------------------------|---|---------------|-----------------------------|---|
| First Commercial Bank - Southern Taiwan Science Park Branch | Secured loan | \$11,103 | August 10, 2022- August 10, 2027 | 2.225% | Prepayment for equipment | Amortize principal and pay interest monthly |
| First Commercial Bank - Southern Taiwan Science Park Branch | Secured loan | 4,779 | December 27, 2022- December 27, 2027 | 2.225% | Prepayment for equipment | Amortize principal and pay interest monthly |
| First Commercial Bank - Southern Taiwan Science Park Branch | Secured loan | 2,725 | February 8, 2023- February 8, 2028 | 2.225% | Prepayment for equipment | Amortize principal and pay interest monthly |
| First Commercial Bank - Southern Taiwan Science Park Branch | Unsecured loan | 14,474 | June 20, 2023- June 20, 2028 | 2.095% | None | Amortize principal and pay interest monthly |
| First Commercial Bank - Southern Taiwan Science Park Branch | Unsecured loan | 3,619 | June 20, 2023- June 20, 2028 | 2.095% | None | Amortize principal and pay interest monthly |
| Total | | <u>\$36,700</u> | | | | |
| (Less): Portion due within a year | | (8,600) | | | | |
| Net Amount | | <u><u>\$28,100</u></u> | | | | |

MOSPEC SEMICONDUCTOR CO., LTD.

15. STATEMENT OF OPERATING REVENUE

2023 January 1 to December 31

Unit: NT\$ thousand

| Item | Quantity (In thousand) | Amount | Note |
|------------------------|------------------------|----------------------|---------------------|
| Bare Dies | 1,301 | \$2,588 | |
| Diodes and Transistors | 5,764 | 28,103 | |
| Others | 1 | 5 | Raw materials, etc. |
| Total | | <hr/> \$30,696 <hr/> | |

MOSPEC SEMICONDUCTOR CO., LTD.
16. STATEMENT OF OPERATING COSTS
2023 January 1 to December 31

Unit: NT\$ thousand

| Item | Amount |
|---|-----------------|
| Direct Materials: | |
| Current Period Raw Materials Purchases | \$140 |
| Add: Beginning Inventory of Raw Materials | 31,366 |
| (Less): Ending Inventory of Raw Materials | (29,140) |
| Sales of Raw Materials | (45) |
| Reclassification to Selling Expenses | (16) |
| Reclassification to manage Expenses | (2) |
| Reclassification to Research and Development Expenses | (151) |
| Current Period Material Consumption | 2,152 |
| Direct Labor | 654 |
| Manufacturing Expenses | 129 |
| Manufacturing Cost | 2,935 |
| Add: Beginning Work in Process | 76,596 |
| Current Period Purchases | 209 |
| (Less): Ending Work in Process | (75,261) |
| Sales scrapped | (23) |
| Finished Goods Cost | 2,150 |
| Add: Beginning Finished Goods | 17,353 |
| Current Period Purchases | 21,336 |
| (Less): Ending Finished Goods | (17,421) |
| Reclassification to Research and Development Expenses | (18) |
| Cost of Goods Sold | 23,400 |
| Other Operating Costs: | |
| Sales of Raw Materials and Semi-finished Products | 2,351 |
| Inventory Valuation Loss/Reversal Gains | (2,664) |
| Inventory Write-off Loss | 23 |
| Unallocated Manufacturing Expenses | 3,410 |
| Other Costs | (2,197) |
| Total Operating Costs | <u>\$24,323</u> |

MOSPEC SEMICONDUCTOR CO., LTD.

17. STATEMENT OF OPERATING EXPENSES

2023 January 1 to December 31

Unit: NT\$ thousand

| Item | Description | Selling Expense | Note |
|----------------------|-------------|-----------------|------|
| Salary expense | | \$3,670 | |
| Insurance | | 468 | |
| Other Expenses(Note) | | 781 | |
| Total | | <u>\$4,919</u> | |

| Item | Description | Management Expense | Note |
|----------------------------|-------------|--------------------|------|
| Salary expense | | \$7,740 | |
| water/electricity/gas bill | | 1,962 | |
| taxes | | 1,277 | |
| Depreciation expense | | 5,441 | |
| Service fee | | 2,453 | |
| Miscellaneous costs | | 3,620 | |
| Other(Note) | | 2,691 | |
| Total | | <u>\$25,184</u> | |

| Item | Description | R&D Expense | Note |
|----------------------------|-------------|----------------|------|
| Salary expense | | \$4,448 | |
| water/electricity/gas bill | | 1,897 | |
| Other(Note) | | 1,589 | |
| Total | | <u>\$7,934</u> | |

Note: The balance of each item does not exceed 5% of the total amount in this category, and they are presented in a consolidated manner.

Company Name:
MOSPEC SEMICONDUCTOR CORP.

Company Representative:
Weng Shu Zhen